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Third-Party Vanpool Program A Review of U.S. Experience and the Development of a Suitable Option for Ontario

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SUMMARY

This report is a summary of the preliminary work, undertaken by Read Voorhees and Associates Limited in the preparation of a detailed implementation plan for a third-party vanpool program in Ontario, which was published in March 1980. At the time of writing no third-party vanpool programs existed in Ontario. On the other hand, numerous such programs existed in the USA. This report reviews the US programs and recommends a suitable option for Ontario.

Over sixteen third-party agencies were contacted in the USA and details of their operations obtained. Sponsoring agencies included state transportation and energy authorities, local transit authorities, and private non-profit corporations. Most services were provided as part of a larger series of ridesharing measures. The services provided consisted of promotion, marketing and matching, van provision and fare administration. In most cases a contractor was hired to undertake some of these services.

All programs provided a risk-free agreement to vanpool drivers and did not require promotion, marketing and matching costs to be covered by fare revenue.

An average of five vanpools formed a month was thought to be a reasonable target for an individual program . Program staff ranged from one to eight and annual costs from $25 000 to $150 000 per year.

Five options were selected for detailed evaluation. These were characterized by the following agencies being responsible for the sponsorship of the program:

Option 1: Transit Agency.
Option 2: Municipality/MTC with a private contractor.
Option 3: Municipality Alone.
Option 4: Private Non-Profit Corporation.
Option 5: Municipality/MTC/Driver.

In the case of Option 5, the municipality and MTC would undertake promotion, matching & marketing only. The only other service which would be provided is a lease/purchase guarantee. The driver would assume the remaining responsibilities. (This option is not regarded as a true third-party program but a low-cost alternative).

The service area (i.e., the area containing the trip destinations) chosen was the Region of Peel, and the evaluation was based on the first year of a demonstration.

The Municipality/MTC with Private Contractor option was recommended as the most suitable alternative because of its ease of implementation and expansion, minimal costs and the high benefits and quality of service expected.

This option required that MTC and the Regional Municipality of Peel jointly sponsor a third-party vanpool demonstration program for two years, utilizing the services of a private contractor. The private contractor would lease vans to drivers and arrange insurance and maintenance for the vehicles. An early-termination clause would be provided for the driver, allowing him to return the van after 30 days notice.

Note: Following the completion of this project and the associated implementation plan in March 1980, the Ontario Van Pool Organization (OVPO) was created as a Crown Corporation affliated to the Ontario Energy Corporation. The operation of OVPO is similar to that described in the option ranked second in this report (i.e., the Non-Profit Corporation). However, carpooling is not included, and the fares charged are intended to cover the cost of marketing and fare administration (i.e., the venture is intended to be commercially viable).

Since inauguration, OVPO has approached only Ontario government employees throughout the province. Eventually it is hoped to provide the service to employees in the private sector. OVPO had 35 vans in operation as of December 1981.

1/ INTRODUCTION

In August, 1979, Read Voorhees and Associates Ltd. were retained by the Transport and Vehicle Systems Office R&D of the Ontario Ministry of Transportation and Communications (MTC) to prepare an implementation plan for a third-party vanpool demonstration program in Ontario. The implementation plan was produced in March, 1980, under the title "Third-Party Vanpool Program: Detailed Implementation Plan". The present report is a summary of the preliminary work undertaken by the consultant in preparation of the above document.

A third-party vanpool program is defined as one in which an agency, other than an employer or an employee association, supplies vans and associated services to groups of individuals. Such an agency is designed to serve smaller companies which do not have the resources to sponsor their own programs, and groups of individuals who wish to form a vanpool independently of their employer(s).

From 1978 to 1980, MTC promoted vanpooling and carpooling to major employers throughout the Province. This resulted in approximately 57 employer-sponsored vanpools as of March, 1980. In order to increase penetration of the market, it was found necessary to cater to the needs of smaller employers and individual groups, and hence this study was initiated.

In the USA, numerous third-party vanpool agencies were formed in the 1970s and enjoy a high degree of success.

This report examines the current third-party vanpool programs in the USA and develops a suitable option for Ontario. All US programs are examined in detail, suitable options developed and evaluated, and an appropriate program recommended.

2/ THIRD-PARTY VANPOOL AGENCIES IN THE USA

Sixteen third-party vanpool agencies in the USA were contacted and details of their operations obtained in terms of organization, services provided market served, etc. The detailed results of this investigation are contained in Appendix A and summarized in Exhibits 1 and 2.

2.1/ Philosophy of Approach

The principles involved in the various programs were generally developed to meet the need as identified by the agency sponsoring the program. Thus, RIDES and Commuter Computer have been influenced by Caltrans to provide a total ridesharing program. If these programs had not been set up in the fashion they were, Caltrans might very well have set up a ride-sharing office itself.

The Golden Gate Bridge seed van program was set up using UMTA funds for the van purchase and program administration. Consequently, this program reflects both the objectives of an experiment by UMTA and a corridor transportation measure by Golden Gate Bridge.

The Texas Medical Centre program is a major program organized by a private company. The circumstances of this program are so unique that there appears to be no potential application of this philosophy in Ontario.

The Vermont and Tidewater programs have a purchase feature that allows individuals to purchase the van at the beginning with 100% guaranteed financing immediately, or after 3 years. In either case the purchaser does not pay any interest charges. The results of this are seen in the low fare structure. In a way this is a type of seed van operation and, possibly, a drop-out rate similar to the Golden Gate Bridge program will be experienced when the vans wear out.

Some programs focus on specific groups or particular geographic areas. For example, the Minneapolis program markets vanpooling in high-potential areas. These programs can incorporate carpooling and, although a number of them are underway, most of these are at the start-up stage and have no track record.

Pinetree is the only program conducted on a private enterprise basis that has been identified, and is totally free of any government involvement. This is a quasi-third-party program and has many characteristics of a company-sponsored outreach program. As such, it is not a viable option for Ontario and will not be considered further.

The area-wide approaches which involve carpooling and vanpooling have generally proven to be successful, and much of this is attributed to the fact that the programs support each other, use a common list of applicants, and can match several carpools to form a vanpool. Most of these programs have two marketing components. The first is a direct promotion to specific companies or areas and the second is the general marketing of individuals by advertisement in the media and the provision of a phone-in service.

2.2/ Services Provided

The third-party sponsoring agencies provide a range of services that extends from simply general promotion (combined with a full service contract) to a total service arrangement. There are five general areas that comprise any third-party program. They are: general promotion; outreach marketing; matching; provision of vans, insurance and maintenance arrangements; and administration and bookkeeping for fares. Although there are exceptions, the division of services between a program sponsor and any contractor generally follows one of three patterns: the program sponsor does everything(such as in Hawaii or Golden Gate Bridge); the program sponsor does promotion, marketing and matching (such as RIDES); or the program sponsor does general promotion (such as in Southfield). It appears that the major factor which influences the services provided, and which may necessitate the use of a contractor, is regulations regarding state ownership of vehicles.

Generally when a program sponsor does not provide a fairly full range of services, an arrangement is made with a contractor to supplement the program. In the case of Vermont and Action Now, the individual drivers provide this supplementary service in that they acquire the vans, arrange insurance and maintenance, and do the administration and bookkeeping.

A common thread through all third-party programs is the concept of a lease guarantee or a risk-free driver agreement. This guarantee is either a two- or three-party agreement. In some cases the program obtains the vehicle from a leasing company and supplies it to the driver. In these cases there are two separate agreements. In other cases the driver signs the lease with the van supplier and the program co-signs as a guarantor. Either way the driver is protected by the program.

Vanpool Services is the first company to enter into agreements whereby the van supplier also provides the lease guarantee. This works because the van supplier is an arm of the manufacturer, and is prepared to guarantee the lease in order to market vans. Chrysler has recognized that there is a good market and is prepared to supply the lease guarantee provided it is the sole van supplier.

Another risk-reducing condition commonly incorporated is the fare absorption aspect in which the program will absorb one or two fares for a limited period. This is an attractive feature of a program when the van supply exceeds the demand.

2.3/ Administrative Structure

In most cases the sponsoring agency is an agency dealing with transportation. Surprisingly few programs originated in an energy-related department. This could be due to the fact that although energy conservation was a major objective, clean air and increased capacity were also very important factors and the combination related best to departments of transportation. The other identifiable group of sponsoring agencies is comprised of the transit operators. In these cases vanpooling is seen as a form of transit that has a part to play in the total transit system of a region.

The second level of administration could be considered to be the operating agency, and this is where private non-profit companies and contractors become important. Sponsoring agencies which can own vehicles often start with a demonstration project conducted by a contractor. The program may be taken over by the sponsor at the end of the contract period or another operating agency established. Sponsoring agencies which are

prohibited from owning vehicles often establish a private, non-profit company to act as an operating agent.

Some program sponsors are also involved in other or ridesharing activities. On the other hand, overlapping programs that are not commonly sponsored have found it necessary to coordinate their efforts in the area of marketing. This avoids the situation where a company is approached by separate and competing programs. Combined presentations are often made.

Some programs have a formal liaison with highway, transit, and planning authorities through a policy committee. The private, non-profit corporations generally do not require this because the members of the board of directors are nominated by these same authorities.

The private, non-profit companies have taken a positive approach in obtaining support from the business community. Commuter Computer in particular has obtained support from local businesses.

2.4/ Degree of Success

The marketing and administration costs involved in different programs have been analysed on a cost per van and staff per van basis. This does not include any costs which are recovered from the users. Consequently, the costs are actually program subsidies (Exhibit 3).

The cost per van to administer the program increases with the amount of service provided. Also, as would be expected, the programs that provide the most free services have the lowest fares.

Commuter Computer and Golden Gate offer about the same vanpool services, but Commuter Computer provides carpool matching and Golden Gate does not. The difference of about $1000 per van between these programs may partly be attributable to this factor. Another factor may relate to the cost of reports that Golden Gate must prepare for UMTA. However, in terms of staff requirements it is apparent that there are economics of scale in combining carpooling and vanpooling in the same office.

The success of RIDES is attributed to the way the program was set up and the fact that because the administration was experienced in ridesharing it avoided some of the pitfalls that had been experienced by other programs. This type of success has come in spite of the high fares that are inherent in the RIDES program.

The Golden Gate Bridge seed van program has worked moderately well in San Francisco. About 30% of the pools formed due to the program no longer pool. On the other hand, approximately 50% of the pools formed due to the program have changed to individually operated vans, and the cost of establishing each vanpool is probably quite low. Each seed van could result in about 4 individually operated vans being established.

A very rough analysis indicated that the cost of a person placed in a seed van in the Golden Gate Bridge program is about $500. Some of this is due to start-up costs in preparing materials that, as time goes on, would be spread over an increasing number of persons placed in pools. The cost of placing a person in either a carpool or vanpool in the RIDES program is about $20. These results indicate that there are substantial benefits in including carpooling as part of a third-party vanpool program.

Another reason for the high cost per person of the Golden Gate Bridge program is the community meeting marketing technique that was used. This cost $710 per application versus $11 per application for bridge toll-booth handouts. Consequently any program should concentrate its marketing efforts on the employment end of the work trip and at any key congestion points that can be utilized The home end of the work trip should be not used in marketing.

In any third-party program there is a balance that must be maintained between supply of vans and demand for them. Experience has shown that the demand should always exceed the supply, so that if any pools fail there will always be another pool ready to take over the vehicle. On the other hand, there is a need to provide vans quickly to pools that have already formed. It is in this area that an arrangement with Vanpool Services or another large van supplier can be beneficial, as these companies can provide vans on a priority basis to a third-party program.

Existing and potential problems were recognized as the following:

- the high cost of insurance, particularly in California;
- allowing van supply to exceed demand;
- having an administrative structure that cannot operate independently of government agencies (RIDES);
- giving the drivers too few duties to perform;
- the acquisition of financing for van purchases (Vango Hawaii).

3/ IDENTIFICATION OF MAJOR ISSUES

The major issues identified from the review of US programs appear to be the market served, the organizational structure of the program, and the services offered. These issues are dealt with in detail in this section.

3.1/ Market

Although a third-party vanpool operation is intended for smaller companies, individuals, and multi-employer complexes, vans could be provided to larger companies to encourage company sponsored programs. Additional vans could be supplied on a long-term basis if the company would agree to pay for all costs not recoverable from fares. Carpooling should be marketed as well as vanpooling.

In terms of staging, the initial service area could be a major municipality within the Toronto commutershed, followed by one or more offices serving the entire commutershed. The final stage would consist of expansion throughout the province.

Restrictions on those eligible to use the program could be applied if required. Such restrictions might be:

- trips must cross a municipal boundary;
- trips must be longer than a defined distance;
- one end of trip must be poorly served by transit.

According to the current Municipal Act only vanpools crossing municipal boundaries are legal.

3.2/ Organizational Structure

In a third-party vanpool operation there are three major functions involved: funding, policy determination, and the provision of services.

Funding for non-recoverable costs and risk elimination is usually provided by a government agency. If the sponsoring agency is a private non-profit group, then support can be solicited from commercial organizations.

Policy is set by a committee consisting of representatives from transportation, transit, energy, and user organizations.

Provision of services is the responsibility of the sponsoring agency. Typical sponsoring agencies in the USA are private non-profit corporations (established solely for a ridesharing function), transit agencies, transportation agencies, and local governments. The services are not provided solely by the sponsoring agency, but also by private contractors where feasible, and in fact the vanpool driver is sometimes required to perform some of the lesser tasks. The allocation of responsibility is indicated in Exhibit 4.

3.3/ Provision of Services

These are dealt with individually as follows.

(i) General Promotion

The most effective methods in reaching the public have been found to be: listing the telephone number on the vans, billboard advertising along commmuter routes, and the distribution of pamphlets at congestion points. Other approaches include media advertising, distribution of pamphlets at vehicle licensing offices, and advertising in state road maps.

(ii) Marketing & Matching

Before approaching the public it is more effective to market the vanpool concept at the workplace, initially to the employer and then to the employees. Computer matching is appropriate for area-wide carpool matching, otherwise manual matching is usually sufficient. Response time is very important.

(iii) Risk Removal

Two approaches to risk removal can be taken: Early Termination Clause, and Lease/Purchase Guarantee.

Early Termination Clause: In this case the driver needs only to give thirty days notice to return the van to the sponsoring agency without further obligation or payment. Where the sponsoring agency purchases the

vans there is one agreement between the agency and the driver. Where the vans are leased there are two agreements:

- an agreement between the agency and the leasing company regarding van supply and termination;
- an agreement between the agency, the leasing company, and the driver regarding driver regulations.

An early termination clause cannot be provided by Ontario Government Ministries under present mandates. Such a clause could, however, be provided by a non-profit corporation, the Ontario Energy Corporation, or a private contractor, although they would all probably require government funding.

The Toronto Area Transit Operating Authority (TATOA) may be able to provide vans to the public and hence provide such a clause.

Lease/Purchase Guarantee: In this case a large portion of any demonstrated loss due to the failure of the vanpool is paid to the driver by the sponsoring agency. Two agreements are required:

- an agreement between the driver and the dealer regarding the purchase or lease of the van;
- an agreement between the driver and the sponsoring agency regarding the driver's insurance against loss.

A lease/purchase guarantee could probably be provided by Ontario Government Ministries only as part of a demonstration project. Such a guarantee could be provided by a non-profit corporation, the Ontario Energy Corporation, or a private contractor. Again, government funding would probably be required.

(iv) Van Provision

Ontario Government Ministries cannot sell or lease vans to persons under present legislation. This is not the case with non-profit corporations, crown corporations, or any private contractor.

(v) Insurance

This can be provided by the sponsoring agency, the leasing company, or the vanpool driver.

Ontario Government Ministries cannot arrange insurance for leased (or purchased) vans. On the other hand, non-profit corporations, Ontario Energy Corporation, or private contractors are able to arrange insurance. TATOA could arrange it for leased or purchased vans under a fleet policy as a common carrier, but at very high rates.

Provision of insurance by the leasing company tends to be more expensive than the other arrangements.

Provision of insurance by the driver would necessitate controls in the driver agreement to ensure continuous and adequate coverage.

Free or subsidized insurance is not recommended.

(vi) Maintenance

Provision of van maintenance at the facilities of the sponsoring agency is generally expensive and is not very common.

Ontario Government Ministries may not be able to provide maintenance. Other agencies have no facilities, apart from TATOA, and here it is expected that the maintenance costs would be very high.

(vii) Back-up Vans

Provision of back-up vans by the sponsoring agency can be covered in the fares charged.

(viii) Fare Administration

Fare administration can either be provided by the sponsoring agency or the responsibility left with the driver.

Ontario Government Ministries would need special legislation to administer the fares except as part of a demonstration project (the fares would be required to be placed in the 'General Revenue' fund and expenses covered in the budget estimates of the particular Ministry). On the other hand, all other agencies could provide fare administration and use the revenue to cover operating expenses.

If the responsibility is left to the driver, then some form of control is needed on the actual fares charged to the riders. Two forms of subsidy have often been adopted in the area of fare payment and administration:

- the sponsoring agency pays one or two fares for a limited period in a vanpool which is below the break-even level;
- the sponsoring agency absorbs the costs of fare administration i.e., these costs are not recoverable from fares. (This approach would make the fares equivalent to those in a company sponsored program.)

Neither of the above subsidies could be provided by Ontario Government Ministries under present legislation except as part of a demonstration project. All other agencies, on the other hand, could provide these subsidies.

4/ DEVELOPMENT OF OPTIONS

4.1/Assumptions

Because of legislated restrictions on the mandate of the Ministry of Transportation and Communications, and the question of public acceptance of making government-owned vehicles available to the public, it is considered necessary to start the third-party vanpool program as a demonstration project, and impractical for the Ministry of Transportation and Communications to be the sole sponsoring agency. The Ministry of Transportation and Communications is taken to be the Provincial Ministry that will deal with vanpooling, although it could ultimately be another Ministry such as the Ministry of Energy. A third-party vanpool program can be organized on a joint basis between MTC and a municipality.

It is assumed that if a non-profit corporation be the sponsoring agency it will provide marketing for all ridesharing activities (e.g. carpool matching, commuter parking lots, etc.) in the service area. In addition, it is assumed that a contractor would provide services over and above van provision.

4.2/Possible Third-Party Programs

Based on the experience of the third-party programs in the USA, and discussions with potential participants in Ontario, the following options are explored as the participating agencies.

Option 1: Transit Agency.
Option 2: Municipality/MTC/Contractor.
Option 3: Municipality.
Option 4: Non-Profit Corporation.
Option 5: Municipality/MTC/Driver.

The responsibilities assumed for the provision of services are indicated in Exhibit 5. It is pointed out that Option 5 is not a true third-party program, but rather an alternative approach where the sponsoring agency provides a lease-guarantee, and the onus is on the driver to provide the van and administer the fares.

The respective services provided are outlined in detail in Exhibits 6 to 10, and a discussion of each individual option follows.

Option 1: Transit Agency

TATOA would provide a third-party vanpool service to complement the present transit commuter services provided (GO trains, GO buses).

The program would be totally funded and operated by TATOA. Other participants would be peripheral, although a common file and matching procedure could be arranged with any major carpool organizer.

The drivers union may see vanpooling as a threat to jobs. On the other hand, when enough vanpools are operating in one corridor TATOA may wish to replace the vanpools with a bus service. This would not encourage participation.

The program would be geographically limited unless TATOA obtains an Ontario-wide mandate, and the effectiveness of the program would be limited by carpooling not being incorporated.

Option 2: Municipality/MTC/Contractor

The demonstration program would be funded by the Ministry of Transportation and Communications and would be jointly directed by the municipality and MTC.

The model could be applied in any appropriate municipality once the Ministry of Transportation and Communications became eligible to finance the guarantee on a regular basis.

The provision of carpooling services by a contractor is not usual because most existing contractors are tied into the provision of vehicles. However, there is no reason why a contractor could not market both car and vanpooling.

This option would be suitable in a demonstration program, provided the potential for vanpooling is high, or that the contractor is subsidized by the program agency. If carpooling is included, the contractor would have to recover expenses from the program. However, if only vanpooling is included, the program can be seen as a franchise operation. The rules of operating the franchise would include some limit on profits as well as any arrangements for subsidies.

It would be possible to restructure this program slightly so that the sponsoring agency, instead of the contractor, conducted all marketing and matching functions.

Option 3: Municipality Alone

The third-party vanpool program would be municipally based, with the guarantee provided by the municipality. This option is similar to Option 2, except that the Ministry of Transportation and Communications is not a major participant, and the municipality provides all the services instead of using a contractor.

The program would be jointly funded by the municipality and the Ministry of Transportation and Communications, and directed by the municipality.

This option requires the development of a new department in the municipal structure. Many present departments such as purchasing, accounting, legal, and transportation would be involved in the program.

One possible problem that may arise is the lack of sufficient funding to purchase enough vans to meet a strong demand.

Option 4: Non-Profit Corporation

The third-party vanpool program would be part of a series of ridesharing activities undertaken by an agency established solely for that purpose The program would be regionally based.

This option does not lend itself well to a demonstration project because of commitments which might not be necessary to other options – office space, staff, legal charters, etc. However, because this option has proven to be very successful in its applications elsewhere, the problems of applying it in a demonstration setting could be accepted.

The Ontario Energy Corporation may be a suitable replacement for a private, non-profit corporation in the demonstration program, provided its fee for services comes from a subsidy arrangement rather than from the fares.

This type of program is independent of most government policies, which is why it was originally developed (to avoid restrictions on government owned or leased vehicles being supplied to the public). Generally because the corporation is non-profit, it has no assets and special arrangements must be made to give it financial credibility for any major lease agreements. If the Ontario Energy Corporation was to operate the program it would not have this problem. A true non-profit corporation would depend upon outside financing for its operations in that the promotion and marketing functions should not be covered by the fares.

The Board of Directors of private, non-profit corporations set up to operate third-party vanpool programs represents agencies that are both affected by, and interested in, the program. Because of this representation, program policy reflects the concerns of members of the Board. If OEC was the program agency, a means of establishing appropriate policies independent of the Board of Directors of OEC would have to be developed unless membership does represent the concerned agencies.

For OEC to act successfully as the program agency, a transfer of technical expertise would have to be made from the Ministry of Transportation and Communications to OEC. This could involve training sessions and/or transfer of personnel.

Option 5: Municipality/MTC/Driver

This alternative vanpool program is similar to Option 2 in that it would be a municipally based demonstration program suitable for use as a model in other appropriate municipalities. The major difference is the provision of a lease/purchase guarantee in place of an early termination driver agreement. The lease/purchase guarantee obviates any requirement for a contractor. (The provision of the lease/purchase guarantee by the Ministry of Transportation and Communications is now possible only in the context of a demonstration program.)

The program would be directed by the local municipality. The Ministry of Transportation and Communications would provide the lease/purchase guarantee and considerable advice, but would not play a part in the day-to-day operations, except in its role of monitoring the demonstration.

5/ EVALUATION OF POSSIBLE THIRD-PARTY VANPOOL PROGRAMS

In order to evalute the options developed in Section 4 the following factors were used.

- Benefits;
- Quality of Service;
- Costs & Staff;
- Ease of Implementation;
- Ease of Expansion;
- Conflict with Transit.

Each factor was regarded as having an equal weighting, and the options were rated according to factor. Summaries of the evaluation by individual factor are indicated in Exhibits 11 to 15.

5.1/ Benefits

The benefits are regarded as the energy savings, pollution reduction, and the best use of existing transportation facilities. All these items are directly related to the number of vanpools formed during the one year demonstration period.

The Non-Profit Corporation option attracts dedicated staff and provides substantial latitude for innovation, resulting in more vanpools than the other options (approximately 15 to 25).

The dedication of the contractor in the Municipality/MTC/Contractor option will influence the program. At present the contractor is unknown, but capable contractors are available and more vanpools are anticipated in this option (10 to 20) than with the Municipality Alone option (10 to 15). In the latter case the lack of experience of municipal staff will probably result in a similar number of vanpools as in the Transit Agency option, where vanpooling is a secondary function.

The Municipality/MTC/Driver option offers minimal incentive to drivers, i.e., a lease/purchase guarantee only with no associated services, and is expected to generate the least number of vanpools (5 to 10).

5.2/ Quality of Service

Apart from the Transit Agency, all options have the same service area, i.e., the Region of Peel, which is regarded as being more manageable than the TATOA service area. In addition, the restrictions on participation are not expected to be so strict as with the TATOA option. Where a contractor is involved, priority van allocation could shorten the waiting period for vans to approximately five weeks, compared with up to eight weeks for the TATOA Option. Hence these options received the highest rating.

The Municipality/MTC/Driver option is rated the lowest of the alternatives because.

- The vans are ordered by the drivers after pools have been formed and there is no priority van allocation. Consequently, the delay is anticipated to be approximately eight weeks.

- Drivers would find it more difficult to avail themselves of the risk protection feature, in that the van has to be disposed of and not just returned to the program as with the early termination feature.

5.3/ Costs & Staff

The Municipality/MTC/Contractor and the Municipality/MTC/Driver options gain the highest rating due to low start-up costs, i.e., $3000-$6000, low-medium operating costs, and availability of funding through both the municipal and provincial governments.

The Transit Agency and Municipality Alone options have similar start-up costs of $10 000 to $13 000. The Non-Profit Corporation option has a start-up cost of $21 000 but is expected to have an advantage in securing funds from the private sector. All three latter options are rated equally.

5.4/ Ease of Implementation

Although the Municipality/MTC/Driver Option has the highest portion of the required organization in place and the minimum start-up time of two months, it rates lower than the Municipality/MTC/Contractor option

because of the disfavour with which the former is viewed by the Region of Peel.

Because of anticipated legal and jurisdictional problems with the Transit Agency option, the start-up time is expected to be in the order of 12 to 18 months, and this option receives the lowest rating.

5.5/ Ease of Expansion

The Municipality/MTC/Contractor and the Municipality/MTC/Driver options receive the highest rating, due to the ease with which the service area can be expanded in both cases. The Municipality Alone option has limited MTC support, and the Non-Profit Corporation option would require a municipal/provincial agreement to be set up. Hence the latter two options are rated at a lower level.

The Transit Agency option is limited to the Toronto area and receives the lowest rating.

5.6/ Conflict with Transit

The Transit Agency option can be expected to be very sensitive to any potential conflict with its own transit system and associated local transit agencies, and is hence rated the highest.

The remaining options have regular liaison with transit agencies and minimal conflict is anticipated. However, in the case of the Municipality/MTC/Driver option, there appears a slightly greater possibility of having riders who would be considered ineligible in the other programs. This is partly due to the fact that there is no central registry of potential participants which could be used to screen out ineligible applicants.

5.7/ Summary of Evaluation

A summary of the evaluation of the options is given in Exhibit 11. From this exhibit it is seen that the highest ranked alternative is the Municipality/MTC/Contractor option. It is easy to implement and expand,

and incurs minimal costs. The anticipated benefits and quality of service offered are comparable to those associated with the private non-profit corporation, the second highest ranked alternative. However, the benefits due to the latter alternative may be higher due to the flexibility of the operation, i.e., lack of government restriction.

Because of the lack of technical support associated with the Municipality Alone option, the anticipated benefits and ease of expansion rate are much lower than the Transit Agency option. The Municipality/MTC/Driver, offers minimal incentive to the driver and provides no services other than a lease/purchase guarantee.

The Transit Agency option is limited by the service area and by the fact that vanpooling could be regarded as a secondary function.

6/ CONCLUSIONS & RECOMMENDATIONS

Based on the review of current third-party programs in the USA there are several general conclusions that can be made:

(i) Because government agencies are usually unable to purchase or lease vans, sponsoring agencies for third-party programs usually consist of non-profit corporations in which a government transportation agency is a major participant A particular advantage to this approach is the ability to solicit funds from the private sector.

(ii) In many cases the services provided in regard to vanpooling are just part of a larger series of ridesharing services provided by the sponsoring agency, e.g., area-wide carpool matching, carpool parking lots, high occupancy vehicle lanes etc.

(iii) The vanpooling services provided consist of general promotion, marketing and matching, van provision, and fare administration. The sponsoring agency will provide all these services or hire a contractor to undertake the van provision and fare administration.

(iv) All programs provide a risk-free agreement to vanpool drivers. In addition, fares are sometimes subsidized at the outset until the vanpool reaches the break-even point.

(v) Promotion, marketing, and matching costs do not usually have to be covered by fare revenue.

(vi) In terms of costs and benefits most programs set a target of 5 vanpools formed per month. The number of staff ranges from 1 person to a maximum of 8 persons. Costs vary from $25 000 to $150 000 per year. (The numbers quoted relate to vanpooling only).

After an investigation of government regulations, and of suitable sponsoring agencies in Ontario, an evaluation of five options for a third-party program was undertaken. This resulted in the following recommendation.

That the Ministry of Transportation and Communications and the Regional Municipality of Peel jointly sponsor a third-party vanpool demonstration program for two years in the Region of Peel. This program to be partially operated by an independent contractor.

Both the Ministry and Peel would allocate staff to the program, and their primary responsibilities would be to:

- arrange for a contractor,
- identify the areas of greatest potential,
- conduct a marketing campaign to solicit participation by individual employees,
- match interested employees into groups of nine or more and select one as the driver,
- foster the formation of pools, and
- monitor the progress of the demonstration.

A feature of the program is the inclusion of a contractor to lease insured vans to the drivers, provide arrangements for maintenance of the vans, and administer the operations part (as opposed to the marketing part) of the program.

In order to encourage vanpooling, the lease between the contractor and the driver will be co-signed by the program so that the driver can return the van on thirty days notice without personal penalty.

EXHIBIT 1

THIRD-PARTY PROGRAMS: PARTICIPANTS AND SERVICES

Program	Organizational Structure	Services Provided	Market Served	Van Lease or Ownership	Other Participants	Services Provided
Caltrans	• State agency • acts as a broker • all aspects of ride-sharing • funded by State government	• total ridesharing promotion • CP&VP matching • funding for Commuter Computer & Rides • fuel priority arrangements • priority and subsidized parking • express and by-pass lanes	• State of California except Los Angeles and San Francisco • 3rd party program is for individuals • Caltrans supports other efforts company sponsored, etc.	• Vanpool Service leases vans from Chryler agents • Caltrans pays to guarantee back-up vans • generally 15-passenger, commuter vans	• Vanpool Services	• vans • insurance • maintenance • administration
Commuter Computer	• private non-profit company • acts as a van supplier • funded by Caltrans, Banks and other private enterprises	• ridesharing promotion • CP&VP matching • vans supplied • administration • insurance • maintenance • back-up vans	• Los Angeles area excluding some sensitive transit areas • minimum 30 mile round trip • mostly company-sponsored but some multi-employer	• CC leases vans from local leasing company • 10-passenger luxury vans generally used	• McAllister Leasing • Banks	• arranged van acquisition and conversions • not cost guarantee on leases
Pinetree Transportation	• private company with large school bus operation	• van lease • special maintenance arrangements	• Los Angeles area • all large companies	• vans purchases and leased out	None	
Rides	• private non-profit company • acts as a van supplier • funded by Caltrans and Transit Commission • tax exempt status	• ridesharing promotion • VP&CP matching • vans supplied • administration • insurance • back-up vans	• San Francisco area • large companies, multi-employer complexes and individuals served	• Rides leases vans from Van America • $500 collateral per van to allow credit for van purchase	• credit company • Van America	• extends credit to Van America for van purchase • supplies vans
Golden Gate	• transportation agency • acts as a van supplier • seed program • funded by UMTA as a demo project	• vans supplied for 6 month period • matching • administration • insurance • maintenance	• 3 county area near San Francisco • mainly individuals	• vans purchased or leased using UMTA funds	None	
Vango Hawaii	• private non-profit holding company integrated with Hawaii DOT • company set up to own vans	• van supply • marketing and matching • administration • insurance • maintenance	• island wide • mixture of company encouraged and individual	• vans purchased or leased by Vango • purchase option now used exclusively	None	
Regional Council of Governments	• government agency • coordinates all aspects of ride-sharing	• marketing • technical assistance	• Denver area • government employees this year • multi-employer complexes next year	• Vanpool Services leases vans from Chysler agents	• Vanpool Services • Highway Department	• van supply • insurance • administration • administration and promotion of government employee program
Southfield Vanpool	• sponsored by SEMTA regional transportation authority • part of commuter transit program	• financial support • marketing	• limited area of Southfield with poor transit service • small employers (less than 500 employees)	• Vanpool Services leases vans from Chrysler agents	• Vanpool Services	• vans • marketing • insurance • administration • matching

EXHIBIT 1

THIRD-PARTY PROGRAMS: PARTICIPANTS AND SERVICES (cont'd)

Program	Organizational Structure	Services Provided	Market Service	Van Lease or Ownership	Other Participants	Services Provided
Duluth Ridesharing	• sponsored by State DOT and City of Duluth • paratransit program • local ridesharing • office run by Vanpool Service • efforts to be expanded statewide next year	• marketing of ridesharing • CP&VP matching • technical advice & assistance • State pays for insurance	• Duluth area • participants must reside or work in City • sensitive transit areas avoided • individuals in transit service areas not eligible • mixture of individuals and multi-employer groups	• Vanpool Services leases vans from Chrysler agents	• Vanpool Services • Policy Advisory Committee	• marketing • vans • insurance • maintenance • matching, CP&VP • advice and liaison with State & local agencies
National Car Rental	• private leasing company	• not now actively in market				
Minneapolis	• sponsored by Metropolitan Transit Commission and State DOT	• marketing • State pays insurance	• Twin Cities Metropolitan Area • outreach limited to site with poor transit service • mixture of large companies, multi-employer complexes and individuals	• Vanpool Services leases vans from Chrysler agents	• Vanpool Services	• vans • maintenance • insurance • technical support • matching
Tidewater Regional Transit	• regional transit authority • paratransit branch	• total ridesharing promotion • minimum matching • vans supplied • maintenance • insurance • back-up vans	• naval installations • large companies	• TRT purchases vans using Federal, State and local funds	• any user company or agency	• survey • matching
Texas Medical Centre	• private non-profit corporation set up by TMC	• van supply • matching CP & VP • insurance • administration • maintenance	• work trips of staff and students to Centre	• TMC purchases vans	None	
Action Now	• private non-profit corporation set up by private business sector	• matching • assistance and counselling in vanpool purchase, insurance arrangements, financing	• 5 county area around Louisville • outreach to employers and individuals	• individuals purchase vans with 100% financing or have 90% coverage early termination insurance on leases	• Kentucky DOT • Louisville Chamber of Commerce	• early termination insurance • 80% of budget financing • employee surveys and matching for carpool program also used in vanpool matching
Caravan	• non-profit corporation • offshoot of Maspool • board of directors are representatives of VP programs	• lease guarantee • matching	• State of Massachusetts • large employers	• employee groups lease vans with Caravan lease guarantee • 3 year lease	• Mass. Exec. Office of Transportation and Construction • State Energy Office • Mass. Department of Public Works (Maspool)	• provides funding • provides funding • matching
Vermont Vanpool	• State Energy Office	• CP & VP matching • early termination insurance • interest free loans for purchase	• State of Vermont • employer focus • one end of trip must be in Maryland • area wide and employer outreach	• 11 vans purchased and placed with groups • employee groups now lease vans from various agents	• Vt. Agency of Transportation • Regional Planning Agencies	• funding for staff • grant for use as a revolving fund for van acquisition • sponsor workshops
		• arrangement of suitable leasing options • complete implementation services				
Vango (Maryland)	• non-profit corporation set up by State DOT & Baltimore Regional Planning Council	• lease guarantee • brokerage service • works closely with carpool agency for matching	• initially Metropolitan Baltimore • expanded to complete State	• Vango leases vans from Van America • $500/van guarantee to Van America	• Van America	• van provision
			• one end of trip must be in Maryland • area wide and employer outreach			

EXHIBIT 2

THIRD-PARTY PROGRAMS: COSTS AND BENEFITS

Program	Incentive and Risk	Fares	Success	Staff & Budget
Caltrans	• no risk driver agreement • 30 day cancellation clause	• 15-passenger van $377/month + 4c/mile gas excluded	• program just underway • Oct. 1979 - 13 vans • 600 to 700 by 1981	• 9 ridesharing offices • $3 million budget
Commuter Computer	• no risk driver agreement • no break even level i.e. fixed fare • luxury vans	• 10-passenger van $375/month + 10.1c/mile gas excluded	• April 1976 - 20 vans • Late 1976 - 70 vans • Early 1977 - 94 vans • Early 1978 - 194 vans • Oct. 1979 - 143 vans • Future no vans	• 6 1/2 staff on vanpooling
Pinetree Transportation	• encourage company subsidization	• $500/month + 7c/mile	• 1 : Start • 1977 25 vans • 1978 50 vans • 1979 100 vans	• integrated with primary activities of company • administration is done by sponsoring companies
Rides	• no risk driver agreement • fuel allocation • subsidized parking • express and by-pass lanes • no bridge toll	• 15-passenger van $439/month + 14c/mile	• April '78 Starting up • April '79 60 vans • Oct. '79 142 vans	• 8 staff on vanpooling
Golden Gate	• no risk driver agreement • no tolls • high occupancy lanes	• 12-passenger van 50 mile round trip $220/month + 11c/mile • fixed costs vary with mileage	• Oct. '77 Start • April '78 33 vans • Oct. '79 104 pools started: 33 in GGB vans 22 purchased vans 25 lease vans 24 no longer pool	• 5 staff
Vango Hawaii	• risk free driver agreement • 100 free miles/month for driver • Vango pays 2 fares for 1 month to start pools below break-even level		• July '77 Start • July '78 9 vans • Feb. '79 17 vans • Future - good growth potential	• 2 staff • effort is 1/2 to 3/4 man month/month
Regional Council of Governments	• risk free driver agreement • program pays 2 fares for 1 month to start pools below break-even level	• 12-passenger van $300/month + 14c/mile	• Oct. '79 Start • Projected growth 1980 30 vans 1981 50 vans	• 2 vanpooling staff • annual ridesharing budget is $350 000
Southfield Vanpool	• risk free driver agreement • payment of Vanpool services administration costs • program absorbs 2 fares for 3 months to start pools below break-even level	• 15-passenger van $325/month + 14c/mile	• Oct. '79 Start up • Projection of 200 vans in 2 to 3 years on expanded area	• budget for Vanpool Services contract and support fares is $127 000 for 18 months
Duluth Ridesharing	• risk free driver agreement • free insurance		• April '79 Start up • Oct. '79 7 vans • Projection April '80 - 30 vans	• 1 vanpool staff plus part time of ridesharing administrator • budget is $127 000 (market research $15 000 advertising $35 000, administration, office, back-up vans $77 000)
Minneapolis	• risk free driver agreement • free insurance	• 12-passenger van $225/month + 14c/mile	• Jan. '78 Start up • Jan. '79 7 vans • Nov. '79 66 vans 30 pools waiting for vans • projected growth 100+ by Jan. '80	• Vanpool Services has 3 staff • 15% of time of 1 MTC Staff for administration • budget 1978 - $ 80 000 1979 - 80 000 1980 - 150 000
Tidewater Regional Transit	• no risk driver agreement with 30 day cancellation clause	• 12-passenger van $157/month + 4c/mile + fuel	• 1st year - 35 vans • 2nd year - 45 vans • Nov. '79 - 80 vans	• 3 staff part-time on vanpool
Texas Medical Centre	• no risk driver agreement with 30 day cancellation clause • low fares • guaranteed fuel supply	• 12-passenger van $190/month + 9c/mile + $23/mo. parking	• Aug. '78 started with 5 vans • Jan. '79 - 5 vans • Nov. '79 - 30 vans • projected growth 10 vans/month to a total of 200 to 300	• 4 staff about 50% on vanpool • projected increase to 7 staff in 1980 • non-recoverable portion of budget is $56 000 plus interest charges
Action Now	• early termination insurance • 100% financing	• 12-passenger van $321/month + 12c/mile for 36 month term at 12%	• Jan '78 - Start • Nov '79 - 12 vans • 20 new vans will start using U.S. DOT funds for purchase	• 1 full time and 2 part-time staff • budget is $25 000
Caravan	• lease guarantee for initial month • luxury interiors • possible insurance credit for rideshares • discount on tolls	• 15-passenger vans $366/month +14c/mile	• April '79 - Start • Nov./79 - 17	• 1979 - 1 staff $33 500 budget • 1980 - 3 staff $67 000 budget
Vermont Vanpool	• first year insurance paid by State for 11 vans • interest free loan plan for purchase • early termination insurance for lease	• 15-passenger vans • lease costs vary between agents • sample 36 mo. lease $360/mo. + fuel (10c/mile) • sample 36 mo. purchase $230/month +14c/mile	• Aug. '78 - Start • Nov. '79 - 47 vans	• 2 staff • $50 000 budget
Vango Maryland	• no risk driver agreement with 30 day cancellation clause	• 15-passenger vans $454/month +15c/mile	• 1977 - Start • 180 vans in 2 years	• 3 staff • $128 000 budget excluding survey and matching support but including $500 guarantee/van

EXHIBIT 3

ADMINISTRATIVE COSTS, AND POOL FORMATION

PROGRAM	$/ VAN	STAFF/ VAN	POOLS STARTED/Mo.	Total No. Vans Nov 1979	Monthly Fares ($) For 50-Mile Round Trip Daily (5 Days/Wk)
RIDES	740	0.06	7.9	142	49
Commuter Computer	3320	0.05	3.4 to 4.3	143	65
Golden Gate Bridge	4360	0.15	4.3 to 5.5	104	34
Southfield (projected)	1700	0.08	-	-	39
Vango (Hawaii)	-	0.04	0.9	17 (Feb)	-
Minneapolis	1600	0 03	7.4	66	37
Tidewater	-	0.03	3.3	80	30
Texas Medical Centre (projected)	1760	0.04	2.0 5.7 (projected)	30	31
Vango (Maryland)	1030	0.02	7.8	180	51
Vermont	1600	0.04	2.6	47	31 (purchase) 39 (lease)
Caravan	1970	0.06	2.1	17	43
Action Now	2080	0.17	0.5	12	45
Average Figures/ Program	2040	0.06	4.1	67	41

EXHIBIT 4

SERVICES PROVIDED

SERVICE	RESPONSIBILITY
General Promotion	the sponsoring agency
Marketing and Matching	the sponsoring agency if carpooling involved, otherwise the contractor
Risk Removal	usually the sponsoring agency, but could be provided by contract if success assured
Van Provision	
Van	arranged by sponsoring agency (or contractor for leasing only)
Insurance	if purchased, provided by sponsoring agency if leased, provided by leasing company of by contractor
Maintenance	if purchased: sponsoring agency if leased: leasing company, fueling, cleaning and driveway maintenance usually undertaken by driver
Back-Up Vehicles	sponsoring agency or contractor
Fare Administration	preferably undertaken by driver

EXHIBIT 5

OPTIONS & RESPONSIBILITIES

OPTION	RESPONSIBILITY				
	General Promotion	Marketing & Matching	Risk Removal	Van Provision	Fare Administration
1. TATOA	ALL				
2. Ministry of Transportation & Communications/Municipality	•		•		
Contractor		•		•	•
3. Municipality	ALL				
4. Non-Profit Corporation	ALL				
5. Ministry of Transportation & Communications			•		
Municipality	•	•			
Driver				•	•

EXHIBIT 6

OPTION 1 : TRANSIT AUTHORITY

SERVICES PROVIDED

Sponsoring Agency:	TATOA
General Promotion:	This would be included in the overall promotional efforts of TATOA.
Marketing & Matching:	General marketing on freeways, subway terminals and selected GO stations, a phone-in service, and outreach marketing into specific target employment areas would be done. Matching would be provided and if there was a major carpooling organizer it could be done on a joint basis.
Removal of Risk:	A risk-free driver agreement with a 30-day notice of termination clause and a limited fare-absorbtion feature would be provided.
Van Provision:	TATOA would purchase or lease commuter vans and assign them to qualified drivers. The total lease or purchase price would be built into the fares. Insurance would be provided under a fleet policy and although TATOA could provide maintenance through its own facilities, it will be less expensive to do it at authorized establishments. Back-up vans will be provided by TATOA.
Fare Administration:	TATOA will take care of all fare administration and fares will be established on a non-profit basis.

EXHIBIT 7

OPTION 2 : MUNICIPALITY/MTC/CONTRACTOR

SERVICES PROVIDED

Sponsoring Agency:	Region of Peel or City of Hamilton (for example) and MTC
General Promotion:	This would be done jointly by the Municipality and the Ministry of Transportation and Communications. However, the Ministry should play the major role in developing promotional materials.
Marketing & Matching:	The Contractor will conduct a marketing program as guided by the sponsoring agency. High potential employment areas will be marketed and a phone-in and possibly mail-in service will also be provided. The extent of the phone-in and mail-in services depends upon whether or not carpooling is included. The Ministry of Transportation and Communications should play a role in the approval of promotional materials.
Removal of Risk:	The Ministry of Transportation and Communications will fund the costs of the risk-free driver agreement, namely the flooring charge of any temporarily unused van. The driver obtains a risk-free agreement with a 30-day termination clause. A fare-absorbtion feature could also be provided.
Van Provision:	The Contractor supplies vans, back-up vans, insurance and possibly maintenance to the program which then assigns vans to individual drivers. The cost of back-up vans and the Contractor's administrative overhead could be subsidized by including an allowance in the contract with the program agency. On the other hand these costs could be assigned to the operating cost and recovered through the fares. The Contractor would, because of the number of vans that could be placed, arrange priority delivery for the 3rd-party program. Vans could be ordered to meet anticipated demand if there was a control mechanism by the program agency. Otherwise, vans would be ordered for identified pools. The Contractor would endeavour to keep the vans full and to reassign any van that is turned in.
Fare Administration:	The Contractor will, in conjunction with the driver, take care of all fare administration and provide financial reports to the program agency.

EXHIBIT 8

OPTION 3 : MUNICIPALITY ALONE

SERVICES PROVIDED

Sponsoring Agency:	Region of Peel or City of Hamilton (for example)
General Promotion:	This would be done by the Municipality with advice from the Ministry of Transportation and Communications.
Marketing & Matching:	The Municipality will undertake marketing in high potential areas and will provide a phone-in and mail-in service for both vanpooling and carpooling.
Removal of Risk:	The Municipality will provide a no-risk driver agreement with a 30-day termination clause.
Van Provision:	The Municipality will purchase or lease vans and assign them to the drivers of identified pools. The Municipality could develop a master supply contract with a major van dealer which could speed up delivery, and provide insurance, maintenance and back-up vans as part of the lease cost.
Fare Administration:	This would be done by the Municipality.

EXHIBIT 9

OPTION 4 : NON-PROFIT CORPORATION

SERVICES PROVIDED

Sponsoring Agency:	A private, non-profit corporation established to provide carpool and vanpool services
General Promotion:	The Corporation would provide general promotion.
Marketing & Matching:	The Corporation would undertake a marketing program directed at high-potential employment areas and an area-wide, phone-in service for vanpooling.
Removal of Risk:	The program will provide a risk-free driver agreement with a 30-day termination clause.
Van Provision:	The Corporation will either purchase or lease vans. If a lease option is selected a master supply contract with a major leasing company may be used to provide not only the vans but insurance, maintenance and back-up vans. Vans will be assigned to individual drivers.
Fare Administration:	The Corporation takes care of all fare administration.

EXHIBIT 10

OPTION 5	:	**MUNICIPALITY/MTC/DRIVER**
		SERVICES PROVIDED
Sponsoring Agency:		Region of Peel or City of Hamilton (for example) and Ministry of Transportation and Communication
General Promotion:		This would be done by the municipality with the Ministry of Transportation and Communications advising on promotional materials and particularly the description of the lease/purchase guarantee.
Marketing & Matching:		Marketing would have a stronger focus on individuals forming their own pools than a strong centralized matching system. High potential areas such as multi-employer complexes would be marketed. Again, the Ministry of Transportation and Communications should play a role in the development of promotional materials and strategies.
Removal of Risk:		The lease/purchase guarantee ensures that anyone who leases or purchasses a van for use in vanpooling is protected against a large percentage of any financial loss in case the vanpool is unsuccessful. This guarantee is provided by the Ministry of Transportation and Communications.
Van Provision:		An individual interested in obtaining and driving a van assembles a pool of people and then applies to the program for the guarantee. Once the arrangement is approved, the individual then leases or purchases a van and the pool is operational. The program agency can do a great deal in arranging preferential lease or purchase agreements, insurance and maintenance. This is especially true if the program fosters many vans.
Fare Administration:		The individual owner/driver takes care of all administration. The lease/purchase guarantee agreement requires that the fares be set on an equitable basis.

EXHIBIT 11

BENEFITS

OPTION	FACTOR				
	ROLE OF VANPOOLING	EXPERIENCE OF STAFF	GOVERNMENT RESTRICTIONS	ANTICIPATED NO. OF VANPOOLS	RATING
1. Transit Authority	Secondary function (Complementary to transit)	Experienced Staff Available	Minimal	10-15	Fair
2. Municipality MTC Contractor	Major function	Capable Contractors Available	Some	10-20	Good
3. Municipality	Major function	Inexperienced Staff	Some	10-15	Fair
4. Private Non-Profit Corp.	Major function	Program attracts capable staff	None	15-25	Very Good
5. Municipality MTC Driver	Secondary function	Driver assumes major Responsible lines of program	Some	5-10	Poor

EXHIBIT 12

EVALUATION: QUALITY OF SERVICE

OPTION	AREA & POPULATION SERVED	RESTRICTIONS ON PARTICIPATION	TIME FOR VAN PLACEMENT	RISK PROTECTION	COST SAVINGS TO USER	RATING
1. Transit Agency	Population: 1 500 000 Area: 2900 sq. mi.	Stringent	Vans not ordered ahead No priority allocation Average 8 weeks		Subsidies unknown Fares probably higher than existing GO fares Medium fares	Fair
2. Municipality MTC Contractor	Population 400 000 Area 500 sq. mi	Medium	Vans ordered ahead Priority allocation Average 5 weeks		MOE Subsidy but contractor requires profit Low fares	Good
3. Municipality			Vans ordered ahead No priority allocation Average 6 weeks	Early termination clause	Probable subsidy No profit required Lowest fares	Good
4. Non-Profit Company			Vans ordered ahead Priority allocation Average 5 weeks		Additional costs in starting program reflected in fares Low fares	Good
5. Municipality MTC Driver			Vans not ordered ahead No priority allocation Average 8 weeks	Van to be disposed of by driver and portion of loss covered by program	Dependent on driver Medium fares	Poor

EXHIBIT 13

EVALUATION: COSTS & STAFF

OPTION	'START-UP'	OPERATIONS	FUNDING	RATING
1. Transit Agency	• Some staff experience • Office space, support services available • Matching, van provision to be developed • Estimated cost $13 000 • Estimated staff of 4	• Marketing: need to develop areas and contacts • Operations: - experience limited to large vehicles and fare collection - medium cost	• Probably available but source limited to "GO Transit"	Fair
2. Municipality MTC Contractor	• Experienced staff • Space, support services available • Experienced contractors • Estimated cost $6000 • Estimated staff of 2	• Marketing: contacts & areas known • Operations: - contractors experience will limit costs - medium cost	• MTC (MOE) • Municipality	Very Good
3. Municipality	• Little staff experience • Space, support services available • Matching, van provision to be developed • Estimated cost $10 000 • Estimated staff of 3	• Marketing: contacts and areas known • Operations: high cost initially decreasing to medium cost	• As Above	Fair
4. Non-Profit Company	• No infrastructure in place • Estimated cost $21 000 • Estimated staff of 4	• Marketing: need to develop contacts • Operations: - need to go to outside agencies for support services - highest operating costs	• Unlimited: Good Flexibility	Fair
5. Municipality MTC Driver	• Experienced staff • Few services provided • Estimated cost $3000 • Estimated staff of 1	• Marketing: contacts and areas known • Operations: - driver has responsibility - lowest operating cost	• MTC (MOE) • Municipality	Very Good

EXHIBIT 14

EVALUATION: EASE OF IMPLEMENTATION

OPTION	ORGANIZATIONAL STRUCTURE	LEGAL & JURISDICTIONAL PROBLEMS	START-UP TIME	ACCEPTABILITY	OVERALL RATING
1. Transit Agency	50% in place No difficulties	May not be legally possible May be jurisdictional, union problems	12 - 18 months	Province agreeable Hamilton-Wentworth not agreeable	Fair
2. Municipality MTC Contractor	50% in place No difficulties	None	4 months	Province probably agreeable Peel agreeable	Very Good
3. Municipality	10% in place Training required	None	7 months	Province probably agreeable Peel probably not agreeable	Good
4. Non-Profit Company	0% in place Training required	Probably none	9 months	Province agreeable Peel probably agreeable	Good
5. Municipality MTC Driver	100% in place No training required	None	2 months	Province probably not agreeable Peel probably not agreeable	Good

EXHIBIT 15

EVALUATION: EASE OF EXPANSION/CONFLICT WITH TRANSIT

OPTION	EASE OF EXPANSION	OVERALL RATING	OPTION	CONFLICT WITH TRANSIT	OVERALL RATING
1. Transit Agency	• Limited to Toronto area • No similar agencies in Ontario	Poor	1. Transit Agency	• None	Very Good
2. Municipality MTC Contractor	• Very good adaptability to other municipalities • Municipality can decide on size of role, hence easy expansion	Very Good	2. Municipality MTC Contractor	• Slight conflict may occur	Good
3. Municipality	• Fair adaptability to other municipalities • Limit on support from MTC restricts expansion potential	Fair	3. Municipality	• As above	Good
4. Non-Profit Company	• Good adaptability to other municipalities • Arrangements required between Municipalities & non-profit companies	Fair	4. Non-Profit Company	• As above	Good
5. Municipality MTC Driver	• Program is expanded by simply broadening the service area	Very Good	5. Municipality MTC Driver	• Risk of conflict greater than with Option 2	Fair

EXHIBIT 16

SUMMARY EVALUATION

	FACTOR						
OPTION	BENEFITS	QUALITY OF SERVICE	COSTS & STAFF	EASE OF IMPLEMENTATION	EASE OF EXPANSION	CONFLICT WITH TRANSIT	RANK
1. Transit Agency	0	0	0	0	—	●	5
2. Municipality MTC Contractor	◍	◍	●	●	●	◍	1
3. Municipality	0	◍	0	◍	0	◍	3
4. Private Non-Profit Corp.	●	◍	0	◍	0	◍	2
5. Municipality MTC Driver	—	—	●	◍	●	0	4

KEY: ● VERY GOOD
◍ GOOD
0 FAIR
— POOR

Appendix

Third-Party Vanpool Program
Data Sheets

ACTION NOW INCORPORATED

Louisville, Kentucky
Robin Garrett
(502) 584-1823

OVERVIEW

Action Now is a non-profit organization founded by the private business sector in the Louisville metropolitan area. Action Now was originally formed to help in the resolution of social and economic problems in the metropolitan area. In January, 1978, Action Now initiated a commuter van pool program to help provide a transportation alternative to areas not served by the existing bus transit system.

In the initial pilot program, Action Now purchased six vans which were leased to employee groups in the five county area in western Kentucky and eastern Indiana. The lease arrangement eventually led to the selling of the demonstration project vans to the employee groups. Action Now functions currently as a van pool broker and counselling service and has assisted in getting six other vans operational.

PARTICIPANTS

Action Now's initial entry into vanpooling was supported by both the Kentucky Department of Transportation (DOT) and the Louisville Chamber of Commerce. The Chamber of Commerce sponsors an employer based car pool program. The Chamber does all the employee surveys and matching. The Regional Planning Agency maintains the employee computer data bank for the Chamber.

Participation by the Kentucky DOT was essential in getting the program underway. Essential functions fulfilled by the DOT included:

- offering the coverage of vanpool program abort insurance which covers 90% of the financial losses incurred if a vanpool fails. This guarantee was a requisite in order for Action Now to obtain bank financing for van acquisition.
- Kentucky DOT provided staff assistance to help during the 6 month pilot program. The $20,000 grants pays for a program administrator and a clerical person.
- The DOT assisted in driver screening by checking Division of Motor Vehicles records for accidents and driving violations.

ACTION NOW INCORPORATED - CONTINUED

VAN ACQUISITION

The initial six vans for the pilot program were purchased through a competitive bid process. A low bid of $6,700 (1978 prices) was received for the Chevrolet vans. The sticker price for the vehicle had been quoted at $9,000.

Current purchase costs for vans being placed by Action Now are $9,000 for a 12 passenger vehicle and $10,000 for a 15 passenger vehicle.

INSURANCE

During the pilot program, insurance was not a problem to obtain. Initial coverage was provided by the Hartford Insurance Company at an annual cost in 1978 of $600.00 per year for a $1,000,000 liability coverage plus a $3,000,000 umbrella policy for a catastrophe policy for the six van fleet.

For current vans, Action Now is recommending a minimum $500,000 - $1 million coverage per van plus a two million umbrella policy. The insurance cost per vehicle is $60.10 each month.

MAINTENANCE

Maintenance is arranged by the employee complement for each van. Action Now provides a recommended maintenance schedule for the vans.

FARES AND ADMINISTRATION

A typical fare structure for a van pool brokered by Action Now with nine paying passengers is as follows:

Round Trip Distance	Monthly Fare
20 miles	$41.00
100 miles	$65.00

The above fares reflect a 36 month amoritization period for the vans fixed costs.

ACTION NOW INCORPORATED - CONTINUED

The program is administered by one full-time staff member and two part-time field coordinators. The annual budget allocation is $25,000. Of the total, $21,600 is for salaries and $3,400 for direct costs.

INCENTIVES

The major incentive for the employee groups to acquire a van is the 100 percent financing arrangement Action Now has with participating banks. The financing arrangement, in conjunction with the guarantee coverage of Kentucky DOT should the van fail, minimizes the initial capital outlay and financial risk of van pool participants.

Additional considerations that have helped create interest in the program include:

Bill passed by Kentucky legislature two years ago that deregulated vanpools from common carrier regulations. Currently, a driver needs only a regular license as long as the van carries 15 or fewer people for work trip commutation.

Action Now is encouraging local insurance agencies to adopt the new Insurance Services Office (ISO) rating clarification for vans. Apparently, several companies were not aware of the recent ISO guidelines.

MARKETING

Action Now has taken on the responsibility of contacting employers and interested employee groups. With the planned reconstruction of the I-65 corridor through the Louisville metropolitan area, employers are actually contacting Action Now because of the expected major disruptions in commuter travel that will occur. Action Now has received a $200,000 U.S. DOT grant to purchase 20 additional vans to help alleviate the impact of the I-65 reconstruction. A revolving fund will be set up to administer the placing of these vans.

ACTION NOW INCORPORATED - CONTINUED

COMMENTARY

The unique characteristic of Action Now is that the program's origin is in the private business sector. The fact that the program has the support of a core group of businessmen has helped in the employer contact process. The second key point is that public sector support in the form of financial assistance and technical input is required during the initial stages of program development. Action Now found that the financial guarantee program was a requirement in obtaining money from commercial lenders for vehicle acquisition. The initial program grant was also required to cover start-up costs including program design, administration, and marketing.

The major problems encountered based on discussions held with Action Now are:

- Workers compensation liability - employers are concerned that they are liable.
- Employee overtime - how is the employer's need for overtime commitment impacted by van's operation.
- Van delivery schedule - Action Now has had problems in getting vans delivered in a reasonable time frame. They felt that the extended delivery time had a negative impact on the level of interest of several employee groups.

The Action Now program format has worked well in introducing the van pool concept to metropolitan area employers. As evident by the grant for vehicle acquisition for the I-65 reconstruction, the public agencies are viewing the program as an effective means of stimulating participation in vanpooling.

CALTRANS

State of California
Jack Derby
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OVERVIEW

Caltrans is the California Department of Transportation and has been promoting ridesharing for about 5 years. Because, as a State agency, it is prohibited from leasing vehicles and distributing them to vanpools, it has focused its efforts on funding the third party programs Commuter Computer in Los Angeles and RIDES in San Francisco, encouraging company sponsored vanpools and operating ridesharing offices in nine major cities. In August 1979 Caltrans announced an agreement with Vanpool Services Inc. to supply vans to individuals on a statewide basis. Caltrans will market vanpooling and act as a broker while Vanpool Services will supply the vans and administer the program.

Three vans started in mid September and 10 more in October for a current total of 13. These are mostly 15-passenger vans but there are some 12-passengers. The vans have been specified by Caltrans and are high quality commuter vans with air conditioning and other desirable features. There are a total of about 650 vanpools of all types in California and Caltrans feels that an additional 600 to 700 could be established through its program in the next 2 years. An optimistic target of 1,000 new vanpools in two years has been used in press releases.

Details of the Caltrans involvement in Commuter Computer and RIDES are provided in the descriptions of those programs. The remainder of this description will deal with the Caltrans - Vanpool Services effort.

PARTICIPANTS

The two participants in this third party program are the State of California, represented by Caltrans and Vanpool Services Inc. This company is a division of the Chrysler Corporation and was formed to promote the use of Chrysler products. It can provide a wide range of services and is active in at least four states.

CALTRANS - CONTINUED

VAN ACQUISITION

Vanpool Services leases the vans from individual dealers who obtain the vans from Chrysler. Orders for these vans are given high priority because of the interrelationship of Vanpool Services and Chrysler. Vanpool Services then assigns the van to a pool which has been assembled through the efforts of Caltrans.

Caltrans pays to keep up to 20 vans on hand as back-up vehicles. This will cost a maximum of $14,000 per year.

INSURANCE

Insurance is being provided as part of the package offered by Vanpool Services. Their general approach is to self insure for collision and to obtain liability insurance from Hartford through the Chrysler Corporation. This is provided at a preferential rate. Coverage is $1/2 million property damage and $1 million liability.

MAINTENANCE

Maintenance is also being arranged by Vanpool Services. The details are unclear at this time.

FARES AND ADMINISTRATION

Vanpool services is administering the program and handling all the monetary transfers between the users and leasors. Although the actual costs of the van to Vanpool Services will depend upon the interest rare as each van is negotiated, the fixed costs to the pool have been set at $377 per month for a 15 passenger van including lease, insurance, taxes and licensing plus $25 for administration. The operating costs have been set at 4¢/mile excluding gasoline.

CALTRANS - CONTINUED

Part of the administrative duties of Vanpool Services includes driver training and provision of an operators manual. The fact that this manual has not yet been finalized provides an indication that the total administrative structure was not in place as the program started. Other problems relate to the provision of vans in rural areas where leasing companies are scarce.

INCENTIVES

Possibly the major incentive provided by the program is the 30 day cancellation clause. A driver whose pool fails can return the van to Vanpool Services with a 30 day notice. There is no obligation on the part of Caltrans to provide a bond or other guarantee to Vanpool Services and such an arrangement would not be legally possible. Caltrans has arranged a program with no risk to the driver or to Caltrans itself. Also, there is no obligation on the part of Caltrans to guarantee any minimum number of pools.

Another potential incentive relates to fuel allocations. Any legitimate vanpool (not just the third party variety) can obtain a letter from Caltrans certifying that the van is a ridesharing vehicle and should be exempted from the odd-even system. This letter has no legal force but service stations have cooperated in serving vanpools. Caltrans also went to various gas stations and arranged for them to obtain additional fuel for vanpools. These arrangements were made by adjusting base allocations upwards and have met with mixed success. However, the Department of Energy has asked that transit and vanpools be allocated 100% of their requirements.

Other incentives include preferential parking in downtown areas, subsidized parking and express and bypass lanes.

MARKETING

Marketing ridesharing is Caltrans primary function. Through the chain of offices

CALTRANS - CONTINUED

Caltrans provides, both dial-in and mail-in services, matching, public awareness information, and outreach services to organizations. The third-party program will augment the existing private and employer sponsored programs.

The Caltrans marketing efforts are probably the most extensive anywhere and its programs the most innovative. Its experience indicates that it should phase out vanpool fleet administration in order to devote greater attention to marketing. The overall ridesharing program is evolving towards provision of transportation brokerage services in each region.

CALTRANS ADMINISTRATION

The Caltrans efforts are focused on marketing on a statewide level. There are no figures available in the number of staff members but the 1977-1978 budget was $2.5 million and the 1978 - 1979 budget is $3 million. These figures do not include the funds that go to Commuter Computer and Rides.

There have not been any political problems nor a great deal of political interest in the third-party program except by the State Transportation Director. Press coverage has been good and depends to a great extent on the initiative of the individual ridesharing offices. There has been substantial public interest in the third-party program.

Caltrans has no conflicts with transit authorities at present but at one time there was an agreement that no vans would be provided in the Sacramento Transit District.

COMMENTARY

Caltrans is a transportation broker and as such provides many services including the third-party vanpools. It has been able to arrange a favourable agreement with Vanpool Services whereby the State assumes no risk. The only concern noted with

CALTRANS - CONTINUED

this arrangement was that the insurance coverage may be less than desirable - possibly more from the psychological comfort of the driver and passengers than from an actual coverage requirement.

The Caltrans programs, unlike the Commuter Computer program, puts quite a bit of onus on the driver to make the pool function properly.

CARAVAN

State of Massachusetts
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OVERVIEW

Caravan is a third party program set up as a non-profit corporation. Caravan evolved from the Masspool statewide ridesharing program efforts. The Masspool program is currently being staffed by personnel from the Massachusetts Department of Public Works. With Masspool concentrating on ridesharing promotion and carpool formation, the Mass. Executive Office of Transportation and Construction (EOTC) conceived the idea of Caravan to act as a technical resource and pass through funding organization for vanpooling.

Caravan's board of directors consists of representatives from companies who are currently vanpooling. Operating on a statewide basis, Caravan's funding is provided by EOTC and the State Energy Office. A total of 17 vans were placed through the program efforts for the period April 1979 to November 1979.

PARTICIPANTS

The public agency proponents of Caravan are EOTC and the State Energy Office. The support of the private sector companies has been instrumental in promoting the vanpool concept to newly interested employers. Caravan co-signs the vehicle leases with employee groups and the leasing company. Caravan accepts the financial liability for the van. To date, no van has failed.

Standard lease arrangements are for a 3 year period. Individual employee groups are initially committed to ride the van for only one month, with Caravan guaranteeing the remainder of the lease period to the leasing company. All of the vanpools started are still being operated. The initial one month ridership period helps to overcome employee reluctance to make a multi-year financial commitment to a relatively new concept.

VAN ACQUISITION

As previously stated, Caravan guarantees the lease commitment by co-signing the agreement between employee groups and the leasing companies. The State has set up a reserve fund of $1500 per van (total reserve $45,000) as back-up for the lease guarantee.

The leasing companies are providing 15 passenger Dodge maxi-wagons with deluxe interiors for the employee groups. Leases are for a 3 year period plus a 1 year option.

CARAVAN - CONTINUED

INSURANCE

The recommended $2,000,000 insurance coverage has been averaging $78.00 per month. To eliminate individual liability, van pool members pay $5.00 to become members of the Caravan non-profit corporation. While eliminating individual liability, it is felt that company liability is not removed if the employer participates in program development in any manner. The problem in defining the precise extent of corporate liability is that no third party court decisions have been made.

MAINTENANCE

Maintenance is performed by the individual vanpool groups according to a checklist and schedule provided by Caravan and the leasing companies. A monthly maintenance report is required for each van.

FARES AND ADMINISTRATION

Caravan has observed that the vans participating in the program have an average round trip distance of 60 miles. A typical fare schedule for a Caravan van, assuming 12 paying passengers with the driver riding free, is:

Round Trip Distance (Miles)	Unit Average Fare
35	$39.00
55	$43.00
75	$49.00
95	$54.00

The vans have been averaging about $0.14 per mile for operating costs. Caravan recommends that the driver should collect separately for gas and oil because of the cost variations by locality of these items. Monthly lease payments are made directly to the leasing company.

CARAVAN - CONTINUED

INCENTIVES

In addition to the out-of-pocket transportation cost savings, Caravan emphasizes the convenience of the vans as reflected by their using luxury package interiors. The Mass. Executive Office of Transportation and Construction has worked with the insurance companies to provide a rate credit for commuters who rideshare or use public transportation. In addition, a discount is permitted on certain toll facilities for multi-occupant vehicles during peak commuter periods.

MARKETING

The marketing activity of Caravan is oriented towards direct contact with large employers throughout the state. Caravan's activities are closely coordinated with the employer assistance efforts of the MASSPOOL program. Caravan is also currently working with transit authorities in the state in development of a plan where the authorities could broker vans to interested employee groups.

PROGRAM ADMINISTRATION

The Caravan program currently consists of 1 full-time staff member. Plans call for a 3 person staff by 1980. The program funding level in 1979 was $33,500. Projected costs in 1980 with the expanded staff are $67,000.

Employee matching on the computer is done for Caravan by the Masspool program. In addition, cost economies are realized through sharing of office space and secretarial help with the Masspool program.

COMMENTARY

The non-profit corporate structure used by the Caravan program appears to be an effective mechanism for administering the van pool operation. The approach is unique in that funding is provided by the State transportation and energy offices, the board of directors is comprised of private sector representatives, and employees who vanpool pay a nominal fee to become members of the corpora-

CARAVAN - CONTINUED

tion. The multi-faceted approach has led to good acceptance of the program by employers and has reinforced the commitment of the funding agencies to the program concept. The elimination of individual liability of vanpools through membership in the corporation also has a direct appeal for encouraging new employees to vanpool.

The major problem encountered by the program is the employer concern over company liability. Until a court decision is forthcoming, this issue will continue to be an obstacle.

COMMUTER COMPUTER

Los Angeles, California
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OVERVIEW

Commuter Computer is a private, non-profit corporation providing ridesharing services and a third party vanpool program in the 5 counties that make up the South Coast Air Basin. This is essentially the greater Los Angeles metropolitan area. It was incorporated in 1974 and began its vanpool program in 1976. It has obtained funding and support from federal, state and local governments as well as the private sector. The vanpool program primarily serves large employers but some vans carry passengers from different companies. There are no individually organized vanpools.

In April 1976 a fleet of 20 vans was started, in late 1976 this was expanded to 70 vans and in the Spring of 1977 an additional 24 vans were obtained. In early 1978 an additional 100 vans were ordered but these were not all able to be filled because of lack of demand. Since that time 51 vans have been sold and the program now operates 143 vans. The van fleet consists primarily of 10-passenger luxury vans with some 12 and 15-passenger vans. Because the 10-passenger luxury vans have a fixed per passenger fare structure there is little incentive to keep the van full. Consequently the average ridership is 8/van (7 paying passengers). With the 12 and 15-passenger vans the passenger fare varies with the number of riders and these vans are all full.

All vanpool routes are between 30 and 150 miles round trip.

PARTICIPANTS

The major participants in the third party operation are Commuter Computer, McAllister Leasing, a converter company, a maintenance company and the Crocker National and Pacific Banks.

McAllister leasing obtains van shells from the manufacturers, a conversion company installs luxury appointments. The leasing company required a guarantee on the leases before it would do business with a non-profit corporation which has no assets. The Crocker and Pacific Banks provide that guarantee at no cost to Commuter Computer as a public relations gesture. The Crocker Bank and Atlantic Richfield have been among the strongest private supporters of the program.

COMMUTER COMPUTER - Continued

Commuter Computer assigns the van to a pool. All maintenance is conducted by one organization with which Commuter Computer has developed a fair but informal agreement on maintenance charges.

VAN ACQUISITION

Originally McAllister Leasing obtained van shells, sent them to a conversion company which installed luxury appointments such as captains chairs and individual reclining seats. The conversion company charged the leasing company and this cost ($2500/van in 1976-1977) was then built into the total lease cost to Commuter Computer. Commuter Computer would pay the interest charges on the van until it was assigned to a pool at which time the full lease charges would apply.

The lease is open ended and of the 51 vans that have been sold there has been no shortfall on the lease obligation. This is due to a high demand for vans and the results of inflation. Most of these vans have gone to individual vanpoolers.

Some of the 10-passenger luxury vans have been reconverted to bench seat configuration seating 12 or 15 passengers.

McAllister Leasing was always able to supply vans, sometimes through deals with other leasing companies in which case a higher lease cost may have been incurred. Because of the present shortage the company may have problems supplying vans if any were required.

INSURANCE

The cost of insurance was originally very high at $1800/yr. Because of the proven safety record the rates have decreased to $1164/yr. for the same coverage ($10 million property damage and liability). Insurance is supplied by Travellers Insurance which also provides defensive driving courses to drivers.

MAINTENANCE

Commuter Computer has 4 employees who are driver-mechanics. These individuals will provide minor on-site emergency maintenance. The regular maintenance program is

COMMUTER COMPUTER - Continued

preventitive maintenance so that at the same time as an oil change other items are checked. The driver-mechanic takes a spare van to the drivers workplace, leave it and take the primary van to a maintenance shop and then reverses the procedure when the primary van is ready. This service is a guaranteed part of the program and is built into the fare structure.

Originally the vans were serviced at local garages but Commuter Computer has made arrangements with one organization to provide all servicing.

FARES AND ADMINISTRATION

There are two fare arrangements. The original 10-passenger luxury vans have a fixed fare structure so that each person pays the same no matter how many paying passengers there are. The fares are based on a break even level of eight paying passengers. A sample fare for a 66 to 71 mile round trip in the luxury van is $66/month. The reconverted 12 and 15 passenger vans have a structure that varies with the number of riders. A sample fare for the same 66 to 71 mile round trip would be $47 in a full 12 passenger van and $38 in a full 15 passenger van.

The fare calculation is based on $220 lease, $97 insurance, $6 lessors administration, $26 Commuter Computer administration, $12 licenses, $14 back-up van for a total of $375. The mileage costs are 2.1¢/mile for the Commuter Computer driver-mechanics and 8.0¢/mile for maintenance. Gasoline is extra and because of the price fluctuations is not included in the fares.

It is obvious that the luxury vans also have luxury fares which appears to have limited the market. In addition the fare arrangements with the luxury vans provide no incentive for keeping the van above the break even level.

The general arrangement is that drivers collect the fares and mail them into Commuter Computer. One company subsidizes its program and mails a cheque for the total amount and collects a lesser amount from its employees by payroll deduction.

INCENTIVES

The incentives in the program are based on providing luxury and convenience but these factors are built into the fares. These have turned out to be weaknesses in the program.

COMMUTER COMPUTER - Continued

The luxury vans lead to a higher fare structure than many people are attracted to. The driver responsibilities are not as onerous as they are in most programs and this also affected the fares. The program administrators feel that the drivers should have been given more responsibilities with respect to fare collection, making payments, and arranging for maintenance.

An incentive for employers to promote the program is that the employer would not be involved in the cost of any van failure. Some companies have provided incentives to their employees by subsidizing fares. Often these were companies in the energy field that were interested in the public relations aspect of vanpooling.

MARKETING

The primary function of Commuter Computer is marketing ridesharing. The marketing staff does not deal solely with carpooling or vanpooling but generally markets both simultaneously and even markets buspooling.

However, there are some self imposed restrictions on the areas where vanpooling is marketed. Because there are a lot of independent bus operators in Southern California it is inevitable that vanpooling could affect existing bus patronage - not so much on the basis of fares but because of the service provided. Therefore, there are some geographical areas in which Commuter Computer will not market.

An additional restraint is that Commuter Computer agreed with the Southern California Rapid Transit District Authorities not to place vans which would have less than a 30 mile round trip. The transit authorities did not feel that vanpooling would affect their ridership at present but wanted some protection for the future if the number of vans expanded dramatically.

POOL FORMATION

Commuter Computer will provide matching services for employers who are starting a vanpool program. Driver selection is also performed by Commuter Computer. Driving records are screened and any violations in the past year preclude an individual from becoming a van driver. The safety record is excellent among the vanpools. Only one serious collision has occurred and that was the fault of another vehicle. However, some drivers have been removed because of passenger complaints, even though they did have a clean record.

COMMUTER COMPUTER - Continued

COMMUTER COMPUTER ADMINISTRATION

Commuter Computer is controlled by a Board of Directors and is operated by a staff of which 6 are directly responsible for maintaining the vanpool program. There is one manager, one secretary and four driver-mechanics. A bookeeper is used about 1/2 time on fare collections etc.

When the program was being established Commuter Computer held discussions with the funding agencies and the Southern California Rapid Transit District authorities.

The program got good support from all levels of government as well as the private sector and the media.

The future of Commuter Computer will probably be limited to the marketing of ride-sharing and not the operation of a fleet of vans. This is because of a recent study in the 5 county area that recommended there be one source of ridesharing information which should be a private, non-profit corporation which would provide a regional service and is not an operator in service. Commuter Computer fits these criteria with the exception of the vanpools. Consequently they will probably be transitioned over to the Caltrans program.

COMMENTARY

There are several points to be learned from the Commuter Computer experience.

1. Be sure that you can place vans before you order them. Otherwise a non-profit corporation could be forced to fold and any program guarantors would be liable.

2. Provide drivers with responsibilities that will keep the fares as low as possible. Attendant benefits should be part of the program. Occassional use by the driver at a reasonable mileage rate will compensate for a lot of organization that the driver can easily do but which would be costly if done by a private agency.

COMMUTER COMPUTER - Continued

3. Specify the vans to carry the maximum number of riders, fares should cover the total cost of the van and drivers should not receive incentive fares. The pool as a whole should benefit from a full van.

4. Provide more than adequate insurance. It would only cost a few dollars more and people feel comfortable with good coverage.

DULUTH RIDESHARING

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OVERVIEW

The State of Minnesota set up a vanpool program for state employees which was not too successful. The legislature wated paratransit services and provided $4.5 million funding for a two year period. Vanpool Services Inc. sent in an unsolicited proposal and agreement was reached to conduct a ridesharing demonstration project using some of the paratransit funding. The program has started in Duluth and includes both carpooling and vanpooling. From Duluth the program will spin off into a state-wide outreach in June 1980.

One of the conditions that the state imposes on demonstration monies is a 10% share from the local municipality. Duluth's share of the total was $12,000 and agreement to fund the Duluth share was delayed for 3 months because of local planning issues and controversies. The municipal funding came from both the transportation department and the local transit agencies.

On April 2, 1979 the ridesharing office opened and to date (October 1979) there are 500 people on file, 7 to 8 vanpools waiting for vehicles, and 7 vans on the road. It is projected that at the end of one year there will be 30 vans in operation. The program is expected to expand with demand after the first year.

The project manager at the State level is the Department of Transportation Marketing Section Head and he established a committee called the Policy Advisory Committee with members from the Duluth Planning Department, the Ridesharing Office and the local transit authorities. This committee was established because of concerns of the transit authorities with respect to vanpooling.

There are three major components to the demonstration project. These are providing vans and administration which is done by Vanpool Services, conducting surveys at the beginning and end of the program which is being done by Marketing Decisions Inc., and advertising which is being done by Bowes, Allen, Jacobs.

DULUTH RIDESHARING - CONTINUED

PARTICIPANTS

The financial participants are the State Department of Transportation which provides 90% of the funding for administration of the ridesharing office and the advertising budget, and the City of Duluth which provides the other 10%. The State DOT also pays for insurance and contingencies during the demonstration period.

After the demonstration period has expired the State would continue funding the ridesharing office at a 2/3 rate with the City paying for the other 1/3. However, even though the State pays a majority of the costs, the ridesharing office is a creature of the City. The ridesharing office markets the program, provides technical advice and assistance and a matching service for both carpools and vanpools. The Ridesharing Office collects the fares from individuals and pays Vanpool Services for the van costs.

The other major participant is Vanpool Services Inc. (see Caltrans write up for details). This company provides the vans, insurance and maintenance under a 1 year non-profit contract.

VAN ACQUISITION

Vanpool Services lease vans from local Chrysler leasing agents and supplys these to pools as required. The fares of each van depend upon the leasing agreement and interest rates.

INSURANCE

Vanpool Services provides insurance from the Hartford Insurance Company through Chrysler. The insurance is provided at a preferential rate. The State DOT is paying for the insurance for the first year and then it will become part of the fixed cost of each van.

DULUTH RIDESHARING - CONTINUED

MAINTENANCE

Vanpool Services and the drivers maintain the vans.

FARES AND ADMINISTRATION

The Ridesharing Office collects all the fares and provides the overall administration for the program. Driver selection is done by the Ridesharing Office. This process is tied in with the special licensing requirements. The office must obtain a waiver to check the individual's driving record. To date there have been no problems in this regard.

Each van is on a break-even level of 9 paying passengers. A smaller group would be considered provided it grew to 9 eventually.

INCENTIVES

The program contains the traditional incentives of a free ride to work for the driver, use of the van during non-working hours, and lower fares for all riders above the break-even level of 9 paying passengers.

In addition there is the risk-free incentive of being able to turn in a van without penalty and the temporary cost incentive of having the State pay for the insurance.

MARKETING

The Ridesharing Office markets all sectors - large companies, multi-company complexes and individuals. There are several constraints on riders. The first is that riders may not come from a specific area which is served by a private transit company. This company objected to vanpooling on the grounds that it was an infringement of its transit charter and rather than delay implementation, of the program the area was deleted. A second constraint related to the fact that the City is funding part of the program is that each rider must be either a resident or a worker in the City. This is not a severe constraint. Another constraint is that

DULUTH RIDESHARING - CONTINUED

within the City vanpooling cannot compete with transit. Eligible riders must have to make more than one transfer to complete their trip to work, have a 30 minute wait at the end of their work trip, or live more than 3 blocks from a transit route.

The Ridesharing Office provides as much assistance as possible but depends upon large companies to do much of the organizational work on their own but with advice and ideas.

Of the vans placed to date only one is a single employer van. The remainder are split about 50-50 between individuals and multi-employer groups.

Advertising is being purchased on billboards, radio and in newspapers. However, the State administrator feels that the most effective advertising are the decals on the vans saying Duluth Ridesharing and the phone number. The outreach marketing is effective because the program manager is presentable and able to meet people.

DULUTH RIDESHARE ADMINISTRATION

The Rideshare Office has a staff of 3 - a project manager, a vanpool cooordinator and a carpool coordinator. The vanpool coordinator takes care of marketing and administration.

The budget for Duluth Rideshare is $127,000 of which $15,000 is for market research and evaluation, $35,000 is for advertising and the remaining $77,000 covers the cost of staff, office, back-up vans, and minor expenses from Vanpool Services. At this time it appears that the total budget will not be spent.

The program was the subject of much media coverage. Everytime the City Council debated it there was front page coverage and there has been good cooperation on the part of the media publicizing the program. Companies have also cooperated by distributing literature to their employees.

The program enjoys good government support and the manager even claims that the transit system is cooperative (in spite of the restrictions).

The public reaction based on phone calls received has been positive.

DULUTH RIDESHARING - CONTINUED

COMMENTARY

One of the major strengths of this program is the non-risk arrangement that Vanpool Services made with Duluth. Neither the driver, the City nor the State will suffer financially if a vanpool folds. Another strength is the financial committment the State has made to the City.

A potential weakness is that when the poolers start paying for their own insurance and contingencies some of them may leave the program or the momentum of the program may slow down.

NATIONAL CAR RENTAL

Bloomington, Minnesota
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BACKGROUND

National Car Rental started a company sponsored program for its own employees in 1976. The fleet was as large as 5 vans at one time but this has decreased to 3 vans at present.

THIRD PARTY PROGRAM

The company felt that there could be a market in leasing vans for vanpool purposes and has tried to interest some large employers in the concept. This would be a for-profit arrangement with the profits being made through the lease. To date the company has not been able to get a third party vanpool started and its interest in pursuing this endeavour is low for several reasons. However, at one time the company was prepared to offer a complete package including implementation of the pools.

The company now feels that there is not a good fit between the supply and demand of vans for a third party operation - particularly true of a small one. It does not want to have vans in its inventory that are not being used and yet if the company does not have the vans in stock the waiting time to start the vanpools is inordinately long. Consequently a third party operation would function better under the direct sponsorship of a manufacturer such as Chrysler which has started Vanpool Services Inc. This arrangement gives the van supplier a preferential position with the van manufacturer who controls production, warehousing and distribution.

The potential problem with unused inventory faced by a lessor could be alleviated by some sponsoring agency accepting some of the risk or financial responsibility so that the lessor has only a limited risk.

A final point related to the leasing business is that a fleet of 100 cars can be leased out with less effort than a fleet of only a few vans for vanpooling.

GOLDEN GATE BRIDGE

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(415) 457-3110

OVERVIEW

Golden Gate Bridge (GGB) Highway and Transportation District is an agency responsible for transportation in the corridor served by the Golden Gate Bridge. The transit division of this agency has a fleet of 258 buses which carry 9,000 to 10,000 passengers per day. Because of strong opposition to expansion of the highway capacity in the Golden Gate corridor the District adopts measures to increase capacity through better use of existing facilities. These measures include the provision of high occupancy vehicle lanes on the highway near the bridge, reversible lanes on the bridge, and the takeover of the transit service from Greyhound when its service deteriorated.

The transit division has also developed a unique vanpool seed program which works on the following basis. A group of individuals will be assigned a van for a period of 6 months to one year at which time the van is called back and the pool is encouraged to lease or purchase their own van. The van fleet consists of 17 luxury 10-passenger vans with reclining seats and 18 delux 12-passenger vans with bench seats. Two of the vans are kept as back-ups. additional vans ar[illegible] order (two, 8-passenger and four, 15-passenger vans).

The program began on September 1, 1977 with the hiring of staff and the first van was on the road by October 1. Between October 1977 and April 1978 the 33 operating vans were filled. To date 104 pools have been started of which 33 are using the GGB vans, 22 have purchased their own, 25 have leased and 24 no longer vanpool.

The service area consists of Marin, Samona and Napa Counties with a population of 500,000. This is an affluent area and this is the reason that a high percentage of luxury vans is in the fleet. Many of the users are prepared to pay premium fares for more luxury and fewer passengers.

PARTICIPANTS

The two participants in this program are the GGB and the Urban Mass Transportation

GOLDEN GATE BRIDGE - CONTINUED

Administration which is funding the program as a Vanpool Demonstration Project. The UMTA funds went towards the purchase of the vans and the GGB is responsible for marketing and administration.

VAN ACQUISITION

The vans were all purchased as a fleet using the UMTA funds. It is probable that the additional vans on order are separate from the demonstration project and will be purchased by GGB with their own funds.

GGB feels that while 15-passenger vans can keep fares to a minimum, they are also more difficult to manoeuvre. This factor combined with the affluence in the area served has led to the use of smaller and more luxurious vans.

INSURANCE

Insurance is provided by GGB as part of the total service provided. Liability coverage is $1 million and the premium in the first year was $1200 to $1400 depending upon the size and volume of the van. With experience the insurance company has reduced the premium.

MAINTENANCE

The vans are brought into the GGB garage on a regular basis for maintenance. The pool is provided with a back-up van at these times.

GOLDEN GATE BRIDGE - CONTINUED

FARES AND ADMINISTRATION

Fares are calculated on the fixed plus operating principle. The cost of the van, insurance, maintenance, back-up van etc. are all included in the fare calculation. The original monthly fares were $41 for the deluxe van and $50 for the luxury van for an 80 mile round trip. These are being increased but no details are available at the time of writing.

INCENTIVES

The major incentive is probably the no-risk approach in the program. Individuals pay one months fare in advance and can drop out at any time. Another incentive is the matching services that are provided by GGB. This service is provided to drivers in the program as well as drivers of other vans who need passengers. There is no carpool matching provided but the GGB program will have direct access to the file in the RIDES computer.

Additional incentives are the high occupancy vehicle lanes, and lack of tolls for carpools at the bridge.

MARKETING

GGB has marketed both companies and individuals. The company marketing has not been too successful and the marketing of individuals has provided most of the participants. Successful techniques include passing out flyers at the bridge, on buses and in the downtown area, and advertising using a parked van and a sign at the bridge and downtown.

GOLDEN GATE BRIDGE - CONTINUED

GGB ADMINISTRATION

The philosophy of the GGB program is to give as much of the administrative responsibility to the drivers as is feasible. Drivers are the key to a successful pool and selection is important.

There was only one month between the time the program was staffed and when the first van started. At the time there was substantial political pressure to start the program and the one month period was not as long as desirable. A lead time of 3 to 4 months would have allowed the program to come on-stream in a more orderly fashion.

The financial situation is satisfactory due to the adequate federal grant received. This grant requires enough reporting that at the end of the demonstration period there will be a staff reduction. At present there is one administrator for both the vanpool and charter bus programs, one secretary and 4 staff members on vanpools and one on charter bus operations.

The program started with a total of 4 staff on paratransit and the administrator feels that this number should have been greater in the initial stages of implementation.

The GGB program has a demand that exceeds the present supply of vans and as a result is entering a period of expansion.

COMMENTARY

One of the keys to success in the GGB program is the availability of a long term arrangement with RIDES at the end of the 6 to 12 month trial period. Of all the pools that have finished the trial period about 1/3 purchased a van, 1/3 leased a van and 1/3 no longer vanpool. The affluent nature of the participants may have allowed a higher rate of van purchase than would normally be the case. Although not all the participants that now lease a van do so from RIDES, enough of them do that RIDES has obtained some luxury vans for them.

GOLDEN GATE BRIDGE - CONTINUED

The GGB program is an example of an innovative method of getting individuals to try vanpooling and the program has been strengthened by special circumstances that may not exist in other locales. Conversely, RIDES has benefitted from the GGB program because of its termination feature.

KNOXVILLE COMMUTER POOL

Knoxville, Tennessee
John Beeson (615)637-7433

COMMENTARY

The Knoxville Commuter Pool started a 3rd party vanpool program in 1975 and discontinued it in 1978. The 50 vans that were in the program at that time were switched over to owner/operators who continued to pool. Since 1978 there has been a growth of 73 owner/operator vanpools in the Knoxville area.

The Knoxville Commuter Pool now encourages people to buy their own vans and will help them locate financing, and insurance and provides matching services. The program staff feel that the owner/operator concept provides more stability in maintaining pools and can benefit from lower insurance rates. The current rates are about $400 to $500 per year.

Unfortunately the staff were not communicative about the program except to say that they felt it was a good idea.

MINNEAPOLIS VANPOOL

Minneapolis, Minnesota
Judy Hollander - Metropolitan Transit Commission (612)221-0939
Mike Kleiber - Vanpool Services Inc. (612)221-0939

OVERVIEW

The Minneapolis vanpool program is sponsored by the Metropolitan Transit Commission and provides services over the metropolitan area of Minneapolis and St. Paul. The State legislature mandated a goal of having a certain percentage of all trips made as riders rather than drivers. The MTC set up a ridesharing office to promote carpooling and vanpooling. The program was started as a paratransit demonstration project.

To date there have been no official constraints on the areas where ridesharing is marketed, however some independent transit operators are now claiming to be affected and the ridesharing program is now not offering vans in selected areas. This is not a formal policy but may soon become one. Vanpools are limited to those individuals having one end of their trip in the 7 county Twin Cities Metropolitan Area.

Marketing has focused on people living in suburban areas and has now expanded to include downtown St. Paul. An evaluation of the diversion of trips from transit to vanpools will be made and appropriate policies developed afterwards.

The program was originally quite fragmented with one contractor responsible for marketing, one for operations and the MTC ridesharing office responsible for matching. This was an unsatisfactory arrangement because of limited liaison and possibly some overlapping (or underlapping) of responsibilities. At present a re-organization is underway to integrate the marketing and operations and to more closely integrate vanpooling and carpooling. The original structure has created problems that could have been avoided.

Even given the lack of total integration between vanpooling and carpooling, the administrator cites substantial benefits that one program received from the other.

The program started in January 1978 with one van and expanded to 7 vans by January 1979. Since then the program has mushroomed to 66 vans with 30 on order and pools waiting for them. It is projected that there will be over 100 vans by

MINNEAPOLIS VANPOOL - CONTINUED

January 1980. All the vans are 12-passenger commuter vans.

The remarkable increase in growth is attributable to the gas shortages (not so much price but availability) and there is a surge in the fall because people don't want to drive during the winter.

PARTICIPANTS

The participants in this program are the State Department of Transportation which subsidizes the program, the Metropolitan Transit Commission which supervises it, Public Service Options which markets it and Vanpool Services which operates it.

VAN ACQUISITION

The vans are acquired by Vanpool Services who lease them from Chrysler dealers. The MTC requests vans from Van Services and pays any flooring charge on unused vans. This policy allows pools to get vans quite quickly. There is now an 8 week waiting period for Vanpool Services to provide vans. However, because of their expanding involvement in vanpooling they are setting up a central pool of about 400 vans which will be used to supply all their programs.

INSURANCE

Insurance is supplied by Vanpool Services but is paid for by the State D.O.T. This practice may cease next year.

MAINTENANCE

Maintenance is provided by Vanpool Services. Back-up vans are provided when a van requires overnight maintenance and the staff jockey vans around as required. This is seen as an unnecessary aspect of the program and is not recommended. There is one back-up van for every 25 operating vans. If a back-up van is not available there is a compensating payment made to the riders.

FARES & ADMINISTRATION

The driver is billed monthly for the van and he collects the fares and forwards them to Vanpool Services. Administration and bookeeping is all done by Vanpool Services as well as providing technical support, matching services, driver training and some marketing.

Vanpool Services has a staff of 3 to operate the program.

The fares are $225/month fixed plus 14¢/mile operating. Fares are set on a fleet average basis.

INCENTIVES

The primary incentives are the no-risk, 30-day notice driver agreement and the extremely low fares which are subsidized by the State which pays for insurance (which would be about $600/year in Minnesota) and the MTC which absorbs all administration and marketing costs.

MARKETING

Initially, marketing was limited to a few defined sites in areas poorly served by transit. The number of sites was expanded and at one time there was a surplus

of vans for which the MTC was paying a flooring charge. This provided the incentive to widen the program to a Regional basis. Now 13 specific sites with varying sizes of companies are marketed and a less intensive marketing program operates over the Region. Consequently there is a mixture of company encouraged and individual pools.

At one time the program focused on small employers but these efforts were practically fruitless and now the primary markets are high density multi-employer sites.

The original marketing was done by Public Service Options but this activity has now been transfered to the marketing branch of the MTC.

MTC ADMINISTRATION

The MTC has a staff member who spends about 15% of her time on administering the vanpool contract. The other staff members in the ridesharing office concentrate on carpooling.

There are two matching files; one for carpooling and one for vanpooling. However, in October 1979 the Vanpool Services office was relocated to the MTC building next door to the carpool office and this has allowed the programs to use each other's files. The present system is manual but plans are being made to computerize the files and install the FHWA matching program.

The contract with Vanpool Services is a non-profit agreement. The first two years contract was for $160,000 but because of the expansion of the fleet the upcoming year is being budgeted at $150,000.

COMMENTARY

In this case the sponsoring agency has accepted some risk in ordering vans on the condition that the flooring changes would be paid for any unused vehicles. This allows vans to be assigned to pools with a minimum of delay. Flooring charges could be included in the fare structure or be treated as a subsidy.

This program also points out the problems associated with having too much distance between the various components of a program. The marketing and operations people should have some transitional arrangements worked out and the carpool and vanpool programs can provide better service by using resources in common.

PINETREE TRANSPORTATION

Los Angeles, California
Keith Slingsby
Mike Morrey
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OVERVIEW

Pinetree Transportation is a large school bus operator in the Los Angeles area and has many vans as part of its school bus fleet. It has operated a for-profit third party vanpool program since 1976. It has about 100 vans of which 25 started in the first year, another 25 in the second year and about 50 in the third year of operation. The marketing manager considers this a slow growth rate and predicts that vanpooling will really take off with a true gas shortage or gasoline rationing.

Pinetree serves large companies but would work in a multi-company complex if the opportunity arose. The area served is Los Angeles and Orange County which is a highly urbanized area about 100 miles long. Most of the present customers are located in Orange County.

PARTICIPANTS

Pinetree Transportation is the sole participant in this third-party program.

VAN ACQUISITION

Pinetree purchases the vans outright and then leases them out to individual companies. Generally the leases are for three years but one year leases have been agreed to when a company wishes to experiment with vanpooling and is prepared to pay an additional $150. to $200/month. Because Pinetree likes to get the vans back at the end of the lease period most leases are closed end.

INSURANCE

The lessee is responsible for obtaining insurance.

PINETREE TRANSPORTATION - Continued

MAINTENANCE

Pinetree provides all maintenance and for any company which has leased 5 vans or more or where 5 vans are in the same area, Pinetree will provide on-site maintenance using a mobile maintenance truck and crew. If more than routine maintenance is required the van is replaced during the repair period.

FARES AND ADMINISTRATION

The pool administration is set up by the individual companies as is the fare structure vis-a-vis the riders. The charge for the vehicle is about $500/month fixed and 7¢/mile operating. Because the vans are financed by Pinetree the fixed charge varies with the interest rate and the current price of the vans.

INCENTIVES

Pinetree does not provide any incentives to companies but does encourage subsidization of individual programs.

MARKETING

Once a year the marketing manager of Pinetree sends a letter out to large companies in the Los Angeles-Orange County area. Through this mechanism 1 or 2 customers are added each year. No media reaction has been received nor has it been courted. Caltrans and Commuter Computer have obtained substantial publicity and Pinetree may have benefitted from this.

POOL FORMATION

Pinetree will provide services such as matching, route selection, and driver training for its customers.

PINETREE TRANSPORTATION - Continued

PINETREE ADMINISTRATION

The program operates with very little administration by Pinetree because most of it is done by the individual companies. There have been no major problems and no objections from the transit system which in large parts of the area is virtually non-existant.

REGIONAL COUNCIL OF GOVERNMENTS

Denver, Colorado
Elaine Good - Regional Council of Governments
(303) 458-POOL
Pamela Ross - Vanpool Services Inc.
(303) 399-3227
Greg Fulton or Bruce Rennison - Highway Department
(303) 757-9268

OVERVIEW

The Denver Regional Council of Governments (DRCOG) is a major coordinator of vanpool efforts in the Denver area. The 3rd party program that is getting underway (October 1979) is only one of several programs available in Denver.

DRCOG is working with the Department of Highways and Vanpool Services Inc. to establish the program. The market area includes the City of Denver and environs and although several pools have been formed, no vans have yet been received. About 15 vans are expected soon and the projected growth is 30 vans after 1 year and 50 vans after 2 years.

The DRCOG was the intended receiver of a contract (possibly FHA) to set up a 3rd party program with vans with abort clauses. The DRCOG did not want to become an operating agency nor a financier and the role of the Council was thoroughly debated. As a result the program was designed to market state and federal government employees using the Highway Department as the administrator. Vanpool Services was contracted to provide the vans because the State cannot provide vehicles to its employees.

Some of the funding for marketing comes from an Interstate Highway Project that will not be implemented.

There are other vanpool efforts in the Denver area. The Denver Chamber of Commerce employer sponsored vanpool program developed through individuals with vision in the Chamber of Commerce who established a coalition to fight air pollution. Another program is the Federal employee initiative. The efforts of the Chamber have been successful. Last year 60 new employer sponsored vanpools were established. There are 40,000 federal employees in the Denver area and they initiated an owner-operator vanpool program with financing through their credit union and van acquisition at vehicle auctions. A program projected for next year is an outreach to multi-employer complexes which will be done directly by the DRCOG and Vanpool Services.

REGIONAL COUNCIL OF GOVERNMENTS - CONTINUED

Although the 3rd party program is theoretically available to everyone, marketing will only be done among government employees this year.

The vanpool efforts are being built upon a computerized carpool matching program that has been in effect for 5 years.

PARTICIPANTS

The DRCOG arranged to start a 3rd party vanpool program using Vanpool Services as the van supplier, and the Department of Highways as the organizer and administrator of the government employee sector of the program. The multi-employer sector will be established next year and marketing of individuals will follow.

Vanpool Services has entered into a 2-year contract with the Department of Highways to provide vans and various services such as insurance, driver selection, some matching and administration.

VAN ACQUISITION

The vans are acquired by Vanpool Services through leasing arrangements with local Chrysler agents. There is some concern that there may be conflicts in allocating vans if supplies cannot be arranged quickly enough. These conflicts would be between the Department of Highways with the government employee sector and the DRCOG with the multi-employer sector.

INSURANCE

Vanpool Services provides all insurance for the vans.

REGIONAL COUNCIL OF GOVERNMENT - CONTINUED

MAINTENANCE

The driver takes care of routine maintenance.

FARES AND ADMINISTRATION

The driver collects fares and submits them to Vanpool Services along with expenses. The fare structure is based on 9 paying passengers with half of the 10th and 11th fares going to the driver and the remainder going to reduce the fares of the passengers.

The fares are based on fixed costs of $300 per month and operating costs of 14¢/mile. Fares are paid 30 days in advance.

Although Vanpool Services provides some matching services most of the pools are already formed. Vanpool Services has a staff of 2 to operate the program.

INCENTIVES

Besides the incentive fares offered to the drivers there is the no-risk incentive in that a pool can disband with no penalty. Also, there is an arrangement whereby a van can start with 7 paying passengers but is must build to 9 within a month. The primary incentive to keep the van going is expected to be the interest of the passengers.

MARKETING

As mentioned previously the Department of Highways will market the government employees this year and the DRCOG will market multi-employer complexes next year and individuals after that.

REGIONAL COUNCIL OF GOVERNMENT - CONTINUED

DRCOG ADMINISTRATION

There is a staff of 4 full-time individuals involved in ridesharing which falls in the Transportation Planning Department. One administrator, 2 staff for carpooling and 1 staff for vanpooling. Additional services are obtained from Data Processing, Public Affairs and Administration. The annual ridesharing budget is $350,000.

COMMENTARY

This program almost seems like the tail wagging the dog. The local government agency has taken the initiative and has arranged for a state agency (Department of Highways and not Department of Transportation as most States have) to front end part of the 3rd party vanpooling program. The government structures in Colorado appear to be substantially different from those in Ontario with the result that the Colorado model would not be suitable here unless applied in a reversed form similar to Caltrans and RIDES.

Other information gleaned during discussions with the DRCOG administrator included the fact that the U.S. government may provide additional incentives to vanpools (additional to the Energy Tax and Surface Transportation Assistance legislation in 1978). These incentives would be directed towards the individual and would include low cost financing of vans, guaranteed 100% financing of vans, and elimination of insurance problems.

RIDES — San Francisco, California

Tobias Kay
Mark Sellers
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OVERVIEW

RIDES is a non-profit corporation providing a carpooling matching service and third party vanpool services in the San Francisco area. It was incorporated in September 1977 and began its first vanpools in April, 1978. RIDES was originally funded by the Metropolitan Transit Commission with the support of Caltrans, but now operates as a contractor to Caltrans. Caltrans has been the catalyst for most of the third party efforts in California including RIDES.

RIDES serves large companies, multi-employer complexes and individuals in a 10 county area around San Francisco extending about 50 x 150 miles.

In the first year RIDES started about 60 vans and in the past 6 months 80 new vans have started. There are now (October 1979) 142 vans in operation, demand is running ahead of supply and the program is expected to continue to grow. RIDES has a file of 30,000 names for ridesharing and this will soon be computerized to permit one-day matching.

The van fleet primarily consists of 15-passenger vans with a sprinkling of 9, 11 and 12 passenger vans. The 15 passenger vans are most popular because they permit lower fares which is important to the users. The average fleet occupancy is 13.5 persons/van and the average commuting distance is a 73 mile round trip.

PARTICIPANTS

The participants in this program are Van America which lease the vans to RIDES. RIDES which provides the vans to the users, Caltrans which employs RIDES to market ridesharing in the San Francisco area and the Metropolitan Transit Commission which continues to provide some funding for RIDES. The association between RIDES and Van America has been one of mutual cooperation and works very well.

VAN ACQUISITION

RIDES leases vans from Van America with the agreement that RIDES will pay the interest charges on any new vans that are available but unused. The full lease charge

RIDES - Continued

commences at the time the van is put into service. The vans are then assigned to pools by RIDES as the pools are formed. The lease is based on 50 months with no mileage limitation. The recapture value used is 10% of the purchase price. At the time of resale anything above the 10% will be taken off the top of the cost of a new van for the same pool. Anything below the 10% is absorbed by RIDES.

RIDES has provided Van America with a bond to guarantee that the vans will not fail. This is not an unusual arrangement for a leasing company to require from a non-profit company with no assets.

INSURANCE

Initially, Van America arranged for $1 million coverage for acceptable drivers. The insurance company certified the drivers and this process took about 4 weeks. This insurance was augmented by a $1 million umbrella policy arranged by RIDES. The total insurance package was expensive and it was time consuming to certify drivers. Consequently RIDES has made arrangements with the Travellers Insurance Company for $2 million coverage per vehicle and RIDES certifies the drivers which can be done in as little as one day. The insurance now costs less at $78/month/van. RIDES pays the deductible portion of any claims.

To become certified a driver and the two back up drivers must obtain a Class 2 licence (comparable to a Chauffeur licence), have a clean driving record for the past year (no collisions or moving vehicle violations) and must not have had more than one moving vehicle violation in the previous year.

MAINTENANCE

Maintenance is arranged by individual drivers who are also responsible for cleaning the vans and other traditional duties of drivers.

RIDES can provide gasoline to vanpools in emergency situations. The government of California has a set-aside which would be allocated to vanpools registered with Caltrans among other users at the time of a shortage.

RIDES - Continued

FARES AND ADMINISTRATION

The fares are collected by the driver who deducts the expenses (fuel, oil and maintenance) and mails the remainder to the leasing company which takes care of the administration for a fee of $6/van/month. Riders pay in advance. The break even level is set at a minimum of the driver plus 10 passengers in a 15-passenger van. The pool can then decide if extra people and lower fares or if more room, shorter time and higher fares are preferable whiie a van may be allowed to continue with a ridership less than minimum, only rarely would RIDES absorb the lost fares.

The fixed portion covers the lease cost, insurance, licensing, vehicle registration and varies with the prevailing interest rates. At present it is $439.20/month for a 15-passenger van. The operating costs are based on 14¢/mile and 21 days/month. For example, a pool that would travel 57 miles round trip would be in the 51 to 60 mile fare category and would be charged for 55 miles/day. The fixed plus variable costs cover all the costs except parking. In downtown San Francisco there are some lots which are subsidized by Caltrans for ridesharing vehicles and the parking charge is only $10/month. Bridge tolls are waived for vanpools.

INCENTIVES

The user incentives to join the program include all the traditional matters as well as the special gasoline allocations, subsidized parking and a risk-free agreement with RIDES. Drivers are free to return the van to RIDES at any time. For example, some university professors vanpool for 9 months and return the van for the 3 month break. This type of agreement works well provided there is a constant demand for vans. To date only a few vans have been returned and these have been assigned to a new pool on the next day.

Other incentives are a free ride for the driver, use of the vehicle during non-working hours and special access at freeway ramps for vanpools.

MARKETING

The RIDES Director of Employer Services promotes ridesharing among large companies and in multi-company complexes on a full time basis. Approximately half the vans

RIDES - Continued

have been placed as a result of these efforts. The other half has resulted from enquiries directly to RIDES. RIDES staff claim that the best form of advertising is the van itself with the RIDES phone number prominantly displayed. Additional marketing efforts have used written and visual public service announcements, a wide range of marketing materials, brochures etc., adds in newspapers and press releases at any key event. The press has been very cooperative in giving the program extensive coverage.

Other services such as technical support in matching and pool formation are provided to companies.

Another source of vanpoolers is the Golden Gate Bridge Vanpool Administration Project which is transitional in nature in that a van is supplied for a maximum of 6 months at which time the vanpoolers are encouraged to purchase their own van to continue. Rather than purchase some have switched to RIDES.

RIDES ADMINISTRATION

RIDES has a staff of 17 of which 8 are assigned to vanpooling. Anyone can explain both the carpooling and vanpooling programs but internally, the duties are separated. Initially the program started with one person and funding from the Metropolitan Transit Commission. It now acts as a contractor to Caltrans and also obtains funding from the MTC and an energy agency. Hewlitt-Packard has given the program a computer to use in name storage and matching and additional corporate gifts will be solicited.

RIDES has the status of a tax exempt corporation but this status took quite a long time to obtain and was the main legal problem faced by the program.

There have been very few conflicts with the transit authorities. Much of this is due to the long distance that poolers travel. During the peak times BARTS cannot handle the total demand and sees vanpools as taking care of an overflow and not competing for the same riders. RIDES staff are convinced that different types of people are attracted to transit and vanpooling.

No figures are readily available on the annual budget. It would be desirable to increase the promotional budget to add promotional staff as well as spend more on advertising.

RIDES put up a bond with Van America.

RIDES - Continued

COMMENTARY

Subsequent to the above write-up a conversation was held with the overall program administrator and this commentary reflects many of the points that he made.

The question of autonomy is important. A private non-profit company can steer an independent course and may be able to do much more in terms of marketing and research than an appendage to a state agency. It can also respond quickly to changes. It can tap many sources for financial support and as a non-profit company it can obtain tax exempt status making donations from the private sector easier to obtain. Because the funding of a private non-profit company would come from a variety of government agencies and private sources, the independence of the company allows it to avoid problems if one source of funds dries up. This arrangement also avoids the company being beholden to a single agency.

It is important to coordinate vanpooling and carpooling activities under one roof. The programs feed off each other and the file preparation and matching can be done together.

One objective of the program structure was to eliminate the concerns of employers and particularly legal concerns and the risk of vehicle acquisition. Consequently employers who sponsor programs do not sign any contract or agreement but RIDES requests the courtesy of a 30 day notice if a van is to be returned. Riders pay one month ahead of time and there is substantial peer pressure to keep either the employer sponsored or the individually operated vanpools in service. Only 9 out of 150 pools formed have turned in their van and any operating funds that were accumulated go to the new group that takes over the van.

There is a 3-way agreement between the leasing company which supplies all the vans (Van America), a credit company and RIDES. RIDES puts up $500/van as collateral and this amount is deposited in savings account. The credit company then supplies credit to the leasing company to purchase the vans. In the case of a default on payment by RIDES the leasing company would be able to recover its losses from the collateral. The amount of collateral is so great at present and the risks so low that RIDES is attempting to add a top-off feature to the agreement. This type of arrangement whereby the leasing company is protected may not be necessary with a

RIDES - Continued

larger company such as Hertz or Avis but these companies would not be as flexible as Van America.

A recent concern is that the combination of very high interest rates plus model price increases will drive fares up and hurt the program. RIDES wants to obtain interest free loans from the federal government (not grants but loans to be repaid) for the acquisition of vehicles. This arrangement could save up to $100/month/van which would make vanpooling even more attractive than at present. This is seen to be a good investment for the public.

SOUTHFIELD VANPOOL

Southfield, Michigan
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Dan Brudi - Vanpool Services
(313) 552-0310

OVERVIEW

The South East Michigan Transportation Authority (SEMTA) is the regional transit procurement and equipment agency and has developed a 3rd party vanpool program for Southfield Michigan. SEMTA is similar to TATOA except it has its own fleet of 350 transit coaches and 160 smaller buses. It provides additional bus service through agreements with other intercity carriers. Train service is provided through a contract with the Grand Trunk Railway and an agreement with Con Rail is being developed. SEMTA does the transit systems planning for the City of Detroit and has generally assumed a strong leadership role in the area of commuter transit.

SEMTA is the only agency dealing with the 3rd party program. The South East Michigan Council of Governments and the Roads Commission have an outreach program to establish vanpools for large employers. The SEMTA philosophy is that it is not appropriate to subsidize employers of this nature but that it is appropriate to aid smaller employers.

Southfield is a city near Detroit in the 7 county area that makes up South East Michigan. There is no history of vanpooling in the area with the exception of several companies that were contacted by a consultant to set up a program.

The target area has been defined and is characterized by poor transit service. The mandate is to market small employers. Individuals would require special permission from SEMTA to participate.

Vanpool Services has been contracted to provide a substantial role in the program.

At this time (October 1979) the marketing is progressing but no vans have been placed. There are projections that 4 to 5 pools per month (and possibly as many as 10) will be formed starting in November. The program is aiming for implementation of 200 vans in a 2 to 3 year period.

SOUTHFIELD VANPOOL - CONTINUED

PARTICIPANTS

The two participants are SEMTA and Vanpool Services. SEMTA is preparing promotional materials and providesfinancial support in two areas. The cost of using Vanpool Services is absorbed by SEMTA and in cases where less than the break-even number of passengers are in a pool, SEMTA will absorb up to two fares for 3 months.

Vanpool Services leases vans and distributes them to pools on a risk-free basis. The driver agreement is not binding such as a lease. Vanpool Services also provides marketing, insurance, administration, organization, matching, driver selection, route selection, and fare structures.

VAN ACQUISITION

Vanpool Services will lease vans and assign them to the pools. The vans will be the normal well equipped 12 and 15-passenger commuter vans.

INSURANCE

Vanpool Services is providing the insurance coverage. Liability is being provided but Vanpool Services is self-insured for collision and glass breakage.

MAINTENANCE

Vanpool Services will provide a list of garages where the vans can be maintained and serviced.

SOUTHFIELD VANPOOL - CONTINUED

FARES AND ADMINISTRATION

Fare collection is done by the driver and will be forwarded to Vanpool Services for processing. Vanpool Services has a staff of 2 at present, but will expand later as required.

The fare structure is based on a fixed plus operating cost formula. For a 12-passenger van the fixed cost is $310/month and it is $325 for a 15 passenger van. The operating cost for both sizes if 14¢/ mile.

If a van falls below the break-even level the fares would be raised to cover the additional cost but the van would not be recalled immediately.

INCENTIVES

The incentives provided to join the pool are the absence of risk because Vanpool Services holds the leases, and the start up benefits whereby SEMTA will absorb up to two fares below the break-even level for 3 months.

Another incentive is the subsidy that is being provided by SEMTA in the form of paying for Vanpool Services to organize and administer the program.

MARKETING

Both SEMTA and Vanpool Services are involved in marketing. The SEMTA logo and the Vanpool Services telephone number will be on each van. SEMTA advertises all of its services and has a $500,000 advertising budget of which quite a bit is spent on vanpooling. A theme line has been developed to advertise subway, buses, trainsand vanpools etc.

SOUTHFIELD VANPOOL - CONTINUED

This general advertising will be supplemented by some local advertising arranged by Vanpool Services. However, Vanpool Services' primary marketing technique will be the outreach to companies with less than 500 employees.

Matching, driver selection and general technical support will be provided. The program manager feels that in the multi-employer complexes the building manager is an important contact and should be asked to sign a letter of endorsement or introduction.

SEMTA ADMINISTRATION

SEMTA is quite an autonomous organization and established the 3rd party program independent of other agencies. The only legal concern that arose was the question of workmen's compensation and efforts are now being made to clarify the law or change it if required.

SEMTA's budget for the contract with Vanpool Services plus the incentive fares which will be incurred is $127,000. This covers an 18 month period. The total cost of the program is estimated at $300,000 to $350,000 and the revenues will cover all but the $127,000.

When the current contract ends in March 1981, operation of the vanpool program may become a SEMTA staff function. Vehicles would continue to be leased rather than purchased.

COMMENTARY

This is one program in which Vanpool Services does more than just provide the vans and administration. It appears to be structured so that the company has a built-in profit incentive to get vans on the road whereas in other programs the incentive relates back to Chrysler rather than at the local level. It will be interesting to see if this affects the success of the program.

SOUTHFIELD VANPOOL - CONTINUED

This program is also constrained by both the geographical area and the market (an area of Southfield and multi-employer complexes). This reflects on the fact that the program is sponsored by SEMTA and not, for example, the Michigan Department of Transportation which may have treated it as a total ridesharing project or at least would not have imposed the type of constraints mentioned above.

TEXAS MEDICAL CENTRE

Houston, Texas
Mr. Richard Sommerville
(713)797-0100

OVERVIEW

The Texas Medical Centre (TMC) is a major medical complex in Houston Texas with hospitals, medical schools and a variety of other medical services. There are 40,000 students and faculty. There are 100,000 trips per day made by visitors and outpatients.

Air pollution concerns (Environmental Protection Act) and Houston's well known traffic congestion along with limited parking supply (12,000 spaces) provided the major motivation to start this 3rd party multi-employer vanpool program. The intent of the program is to provide for the work trip needs of full time employees and students.

There are 30 vans now operating and 300 people on the waiting list. Vans will be added at the rate of about 10 per month and the ultimate goal is 200 to 300 vans.

The first 5 units were purchased with the funds of the TMC but there was a question about financial liability which led to a non-profit company (VanTrans) being set up to own the vans. Although Van Trans is theoretically independent members of TMC , are on the board of directors.

The van fleet consists of 12-passenger commuter vans and some 15-passenger vans will be added shortly. Because the demand is substantial no problem in filling a 15-passenger van is anticipated.

There are two other vanpool programs at major activity centres in Houston that are just being started. Both these are modelled after the TMC program.

TEXAS MEDICAL CENTRE - CONTINUED

PARTICIPANTS

As noted above TMC is the parent sponsor and Van Trans is a non-profit holding company which owns the vans. The program appears to be independent of any government involvement.

VAN ACQUISITION

The vans have all been purchased to date. Initially this was by direct purchase of the first vans by TMC and the subsequent transfer of these vans to Van Trans and after Van Trans was established vans were financed through bank loans. In the future vans will be leased unless it is financially more attractive to purchase them (as is the case at present with interest rates vs lease rates). Van Trans is a corporation with assets (the purchased vans) which can then allow a leasing company to supply vans without a bond or other collateral.

The vans have been supplied by Gelco, a major leasing company.

INSURANCE

TMC provides insurance through the Hartford Insurance Company which is itself a vanpool operator. The coverage is $500,000 plus an umbrella policy of $5 million per vehicle. The annual cost is about $1,000 per vehicle. The cost of insurance is included in the fares.

MAINTENANCE

TMC has an internal bus system as well as other vehicles and is providing maintenance for the vans in the on-site maintenance garage. As well as maintenance TMC provides fuel from its own fuel supply.

TEXAS MEDICAL CENTRE - CONTINUED

FARES AND ADMINISTRATION

The fares cover all costs with the exception of administration and marketing and interest charges. The vans cost $9,500 and are depreciated to 45% of their original value over 4 years. This gives a depreciation cost of $109/month. Insurance and licensing costs $81/month and parking is $23/month for a total fixed cost of $213. The operating costs are 9¢/mile and include maintenance and fuel.

INCENTIVES

The main incentive is the risk-free nature of the program in that a 30 day notice of termination is all that is required for a driver to return a van to the program. The relatively low fares provide another incentive and the guarantee of fuel supplies may also encourage participation depending upon the fuel situation in Texas.

Although vanpoolers pay for parking, carpools with 3 or more people pay at a reduced rate.

Some of the employers in the TMC provide additional incentives to their employees.

MARKETING

TMC maintains a file of names for matching carpools and vanpools. Individuals who want to vanpool but have less than the 9 persons required to be assigned a van are encouraged to carpool in the interim. There are also 9 person pools that set up 2 carpools while waiting for a van.

The vans are assigned to pools that have a minimum 30 mile round trip and priority is given to pools with longer trips. The fleet average is a 50 mile round trip.

TEXAS MEDICAL CENTRE - CONTINUED

The administrator strongly recommends integration of carpool and vanpool matching.

The main advertising channel is a local TMC paper and a hot line has been set up to handle all inquiries.

TMC ADMINISTRATION

The present staff consists of a director of transportation who spends about 25% of his time on vanpooling, a vanpool administrator who is 100% on vanpooling and a clerk and a receptionist each of whom spend 50% of their time on vanpooling. It is projected that with the growth in the program the staff will be increased to 6 plus the director in 1980.

The 1980 proposed budget includes capital costs of $500,000 for the purchase of vans, $105,000 for fuel and maintenance, $120,000 for depreciation, $50,000 for staff, and $5,650 for office and miscellaneous expenses.

Van Trans has obtained tax-exempt status and is examining the possibility of selling bonds at a 7% interest rate to finance equipment. Presumably these bonds would be guaranteed in some way but no details are presently available.

COMMENTARY

This is an interesting program in that it is sponsored by a private company but incorporates many of the best features of the programs sponsored by public agencies.

Houston is a major centre of vanpooling with 40 operators and 700 vans going. As a result, there was not the problem with educating people that has been encountered in other programs. It is not a new concept in Houston and is readily accepted by large numbers of people. Media reaction to the program has been positive and it seems to have developed so quickly that not all the key events could be covered by the media.

TEXAS MEDICAL CENTRE - CONTINUED

There is another functioning 3rd party program in Houston based on marketing in the Woodlands residential area.

The fares charged in this program are subsidized by the TMC through absorbtion of interest charges plus the traditional costs of administration and marketing. It may be that with so many company sponsored vanpool programs operating in the Houston area (such programs normally absorb these charges) these subsidies are now considered as part of the normal operating cost of any program, even if it is not company sponsored.

TIDEWATER REGIONAL TRANSIT VANPOOL PROGRAM

Norfolk, Virginia
Carol Russell (804)627-9291

OVERVIEW

Tidewater Regional Transit (TRT) is a transit operating authority which provides a complete range of local and interurban transit services in the 5-city area of Norfolk, Suffolk, Virginia Beach and Chesapeake. The 3rd party vanpool program started in 1977 as an UMTA demonstration and is conducted by the paratransit branch of TRT. The original focus was on the Norfolk naval base where a ship could be stationed for a year. A short term (1 year) lease agreement was developed so that navy personnel could vanpool while they were on shore. Of the original drivers only one is left and the vans have been taken over by staff permanently based at Norfolk. During the first year the program was expanded to serve the naval ship yard at Portsmouth and major employers in the service area.

The program has been operating for 2 years. In the first year 35 vans were placed and in the second an additional 45 were placed for a current total fleet of 80 vans. The main users of the program are still the naval base at Norfolk and the naval ship yard at Portsmouth.

If a driver returns to sea the back-up driver is encouraged to take over the pool. In the case where a pool folds the van would be placed with the next pool on the list. The program tries to anticipate demand so that the waiting time for a van is minimized. Generally, there are more applicants than vans.

PARTICIPANTS

There was a consultation between TRT and the navy before the program was implemented and UMTA participated by providing funding for the program. Each of the users is much more a participant in this program than many other 3rd party operations because the survey and matching is generally done by the employer.

TIDEWATER REGIONAL TRANSIT - CONTINUED

VAN ACQUISITION

The vans are purchased outright by TRT using Federal, State and local funds. They are then leased out to individual drivers or companies on a one year lease. After the vans are four years old the drivers will have the option of purchasing them at the depreciated value (original cost less depreciation portion of lease).

INSURANCE

TRT provides insurance through Aetra Insurance. A typical rate is $560/yr. for a 1977 12-passenger van.

MAINTENANCE

Maintenance is done by TRT as part of its fleet maintenance. The rate of 4¢/mile is used in the fare calculations. The operator delivers the van to the TRT maintenance garage, obtains a back-up van and then reverses the procedure when the maintenance is complete. The vans are maintained every 5,000 miles. The driver is provided a credit of 50 to 100 miles for delivering the van. Some drivers don't want to deliver the van themselves and TRT staff will jockey vans to accommodate these individuals.

FARES AND ADMINISTRATION

The fares are set by the driver and whatever level he selects. The driver phones in the mileage on his van at the end of every month and TRT computes the amount owing and informs the driver who then pays. The driver then collects whatever

TIDEWATER REGIONAL TRANSIT - CONTINUED

fares he has set from his riders.

The cost to the driver of a 1977 12-passenger van is $110 depreciation, $47 insurance and 4¢/mile maintenance. License fees, taxes and interest charges are absorbed by TRT. The depreciation cost of each van is calculated separately and is based on the original price of the vehicle. Drivers' out-of-pocket expenses for maintenance items such as oil are recoverable from TRT.

In emergency situations where a driver looses 5 passengers in one month, the program may provide some funds to keep the pool operating at a break-even level.

INCENTIVES

The risk-free driver agreement which allows a van to be turned in on 30 days notice is one of the incentives of the program. The very low cost involved in taking a van (only depreciation, insurance and maintenance are recovered by the program) and the possibility of making a profit (drivers can set whatever fare they wish) are also powerful incentives to start a pool.

MARKETING

Originally the naval installations were marketed and 30 vans were placed at the Norfolk base and over 20 at the Portsmouth shipyard. Now, individual employers are being marketed and the major success has been with General Electric which has 13 vans.

There is an outreach marketing program for paratransit and TRT will work with both large and small employers.

There are two staff members who concentrate on marketing only.

TIDEWATER REGIONAL TRANSIT - CONTINUED

Because vans are assigned to groups with a minimum of 8 people, information is provided on carpooling as well as vanpooling. Grid cards are supplied to interested companies and the company generally does the survey and the matching. TRT does not have a master file but acts as a transportation supplier.

TIDEWATER ADMINISTRATION

There is a total of 6 staff involved in the paratransit program. Of these, 3 are involved on a part time basis in vanpooling. There are two marketing staff (Transportation Service Representatives) and one operating staff (Service Development - Special Services Clerk). These individuals deal with the total paratransit program which includes special taxi services, services for the handicapped and the elderly.

The only problem that the program ran into was that the drivers did not submit their mileage and cheque on a regular monthly basis by mail. Consequently the drivers now phone in the mileage, the staff calculate the amount owing and inform the drivers.

COMMENTARY

This program has the lowest cost structure and highest financial incentive package found to date. If someone wanted to purchase a van this would be the least expensive way to do it. No interest charges for 4 years, a low rate of depreciation, no license fees or taxes and superior maintenance.

The program has no replacement fund and every new van will be a new capital expenditure. The program is subsidized by Federal, State and local authorities. The budget figures are not available but the cost of the program must be substantial.

It is conceivable that the cost arrangement will inhibit growth of the program. Given the same amount of money the TRT program could provide fewer vans than most other 3rd party programs.

VANGO

Honalulu, Hawaii
Malcolm McLeod
(808) 548-6527

OVERVIEW

Vango is a private, non-profit company established by the Hawaii Department of Transportation to provide vanpool services on an island wide basis. It was started in July 1977 and by July 1978 9 vans had been placed, by February 1979 17 vans had been placed and because of the difficulties in obtaining vans the fleet has not grown since then. In the recent past the program had to turn down 2 to 3 pools per week because of lack of vans. Vango may purchase up to 10 fifteen passenger vans in the next year and 10 to 20 smaller vans in the following year. The average trip length in the Vango program is 61 miles.

Vango was set up because of concerns with energy conservation and congestion. In order to permit vanpooling the common carrier provisions in the public utilities law had to be ammended. Most of the arrangements were made within the Department of Transportation but consultations were held with lawyers and with energy officials.

PARTICIPANTS

For the first two years a private company was contracted to manage the program, however the program is now entirely managed by the Department of Transportation and Vango, a non-profit holding company has been established to take ownership of the vans and provide the organizational structure.

VAN ACQUISITION

Of the 17 vans, 11 have been leased by Vango and 6 have been purchased outright. The policy of purchase rather than lease will be continued in the future

VANGO - CONTINUED

because it can lead to lower fares and allows the use of used vehicles. Vango is contemplating the purchase of 10 to 20, 8-passenger vans, reconditioning and customizing them and inserting them in the program. Each van would have a value of about $6,000 as opposed to the much higher regular cost. The idea of recycling vehicles is particularly attractive on an island with the attendant transportation costs but could be applied anywhere.

INSURANCE

Liability insurance provides $1 million coverage per person per accident at an annual premium of $672 per van. The insurance is provided under a fleet policy.

MAINTENANCE

The routine maintenance is a driver responsibility. Vango has established credit at various maintenance facilities as a service to the drivers.

FARES AND ADMINISTRATION

One of the primary reasons that the holding company was formed was that the Department of Transportation had a legal problem in taking posession of the fares and then distributing them. The fares should legally have gone into the State's general revenues.

The use of incentive fares was originally incorporated in the driver agreement but partly on the urging of the drivers these have been dropped. The preference is to have a full van at lower fares.

VANGO - CONTINUED

The minimum load is 8 passengers and 1 driver and fares are calculated on a combination of fixed and variable operating costs on a fleet basis. The vans are paying for themselves and the program is now self-supporting.

One van is retained as a back-up vehicle and the costs of this feature are built into the fare structure.

The administration of fares is done by Vango.

INCENTIVES

The risk-free nature of the program (only a 30 day notice must be given to turn in the van) attracts users and the driver benefits (free ride to work, and free use of the van for 100 miles/month and 15¢/mile above 100 miles) ensure a high level of interest in driving a van.

Another incentive is that Vango would subsidize a van that is starting with less than 8 passengers. This arrangement allows as few as 6 people to use a van for one month at the mininum fare for the distance.

MARKETING

The primary marketing efforts are directed to companies but, because the program is open to all, a mixture of company encouraged pools, and individually organized pools has resulted. In addition there are company sponsored pools that are independent of Vango in terms of van supply but have received technical support.

The most effective marketing is provided by word of mouth from the users in the experience of Vango. However, the marketing efforts may not have been too intensive because of the shortage of vans. The latent demand exceeds the supply. If a van becomes empty it is always possible to fill it within 30 days.

VANGO - CONTINUED

VANGO ADMINISTRATION

The program started with one administrator and this has now been expanded to two. These individuals have additional duties within the Department of Transportation and the monthly effort involved in administering the program is 1/2 to 3/4 of a man month.

The Vango program has obtained adequate support from the government in all areas except financial. The program is suffering from a lack of capital and cannot presently finance additional vehicles. The administrators are working on plans to expand the government's support of the program.

There has been excellent cooperation on the part of the media. Television, radio and newspapers have all carried articles on the program and the administrator is contacted on a regular basis to see if he wants more coverage.

The transit authorities did not have any negative reaction to the program.

Besides the need to set up a private, non-profit company and the lack of capital for financing additional vehicles there have been no major problems.

COMMENTARY

At this time the Vango program is small enough that it can be staffed by members of the Department of Transportation. However, this close relationship has resulted in a lack of alternatives for financing the program. A truly independent non-profit organization (not just a holding company to own or lease the vans) may be necessary to ensure a program which more closely matched the supply of vans with the demand.

VANGO

State of Maryland
Al Duke
(301) 796-7665

OVERVIEW

Vango, Inc. is a non-profit corporation organized in 1977 to help promote the vanpool concept in the state of Maryland. Vango serves as a broker for the placement of vans. Van lease agreements are structured in a 3 party format between the leasing company, the employee group and Vango. The leases are guaranteed by Vango, minimizing the financial risk to participating employees.

The Vango program initial geographic focus was in the Baltimore metropolitan area. In the 2 years it has been operational, the program has expanded to include employees from all parts of Maryland and even from adjacent states. The single eligibility criteria for participating in Vango is that 1 end of the commuting trip must be located in Maryland.

In the January 1978 to January 1980 2 year period, Vango has placed 180 vans through the third party leasing services. Working closely with large employers in the state, Vango has placed approximately 65% of their vans with the assistance of company ridesharing coordinators, The remaining 35% of the vans have been placed directly with interested employee groups.

PARTICIPANTS

The Vango program developed through the initiative of the Maryland DOT and the Baltimore Regional Planning Council. The Board of Directors for Vango include representatives from the State DOT, City of Baltimore, and the surrounding county executives. Demonstration grant money from the U.S. DOT and the U.S. Department of Energy helped fund the program during its initial development phase.

Vango works closely with the State's Computer-Ride program. Computer-Ride assists Vango in employer surveys and matching.

VAN ACQUISITION

On an annual basis, Vango obtains competitive bids from leasing companies to provide vans for the program. The master lease contract arrangement is currently with the Van American Network, Inc. Vans are 15 passenger Dodge

VANGO - CONTINUED

vehicles leased on an on-going basis. Lease arrangements can be terminated with 30 days notice with no penalty for riders. If the van is terminated without the 30 day advance notice, a $500 guarantee provided by Vango is forwarded to the leasing company. Vango sets aside a guarantee of $500 per van in an escrow account in case vans are terminated without proper notice.

INSURANCE

Insurance is provided by the leasing company. A $2 million per van fleet policy is in force. Insurance costs on a monthly basis are $78.00 with coverage provided by Travellers.

MAINTENANCE

Originally, vans were serviced by the leasing company itself. This created a major problem for drivers because of the inconvenience of driving to a single location. Current procedures call for each van pool to make its own arrangement for vehicle maintenance with garages approved by the leasing company.

FARES AND ADMINISTRATION

Fares are paid directly to the leasing company. A typical fare schedule for a Vango van for 13 paying passengers (drivers ride free) is:

Round Trip Distance (miles)	Monthly Fare
25	$41.00
50	$47.00
75	$52.00
100	$60.00

VANGO - CONTINUED

Fares are calculated based on the following vehicle costs:

Item	Monthly Cost
Base lease rate	$340.58
Insurance	78.00
Administrative Fee	6.00
Inspection Fee	1.67
Back-up van	15.52
License plate fee	2.50
Contingency	10.00

INCENTIVES

Vango has observed that the major incentive for vanpoolers is concern over the cost and supply of gasoline. The program actually has a backlog of employee groups wanting vans. The energy situation, in conjunction with the absence of any financial commitment, are the major employee incentives.

MARKETING

Vango operates a continuous areawide marketing campaign. Through media coverage, billboards, and placement of the program logo on vans, Vango's marketing efforts have been successful in creating employee interest in vanpooling. Vango also works directly with employers to market vanpooling.

PROGRAM ADMINISTRATION

During the first year of Vango's operation, the program staff consisted of 1 professional with an annual budget of $57,000. Currently, the program has 3 full-time staff members with an annual budget of $128,000. Employee survey and matching support for Vango is provided by the Computer-Ride program.

VANGO - CONTINUED

COMMENTARY

The general impression of the Vango program is that the effort has been successful operationally given the 180 vans it has placed during the initial 2 year period. Several other third party programs are using Vango as an organization model for their own efforts. The combined areawide and employer contact marketing approach used by Vango is effective in soliciting employee participation in the program.

The 180 vans have an excellent safety record with no accidents to date. Drivers are carefully screened and are required by Vango to obtain a Class C license (qualifies driver to operate a bus)even though it is not a formal legal regulation. Vans are totally self-supporting with no direct subsidy by Vango. The $500 guarantee per van is allocated from the program's operating budget.

The major problem encountered by Vango relates to van availability. A waiting period of from 1 to 1 1/2 months is typical in ordering vans. This wait can serve as a disincentive for interested employee groups.

VERMONT VANPOOL

State of Vermont
Energy Office
Lee Perkins
(800) 828-2393

OVERVIEW

Recognizing the importance of providing a transportation alternative to the personal auto, the Vermont Energy Office initiated a statewide vanpool program effort in the fall of 1978. The Energy Office chose vanpooling as a strategy because of its inherent flexibility and the realization that the state's population densities were too low to support conventional bus transportation.

The major initiative behind the Energy Office's program effort was the need to conserve energy. Because of the low population densities, employee work trip lengths are quite long. Discussions held with the large employers in the state indicated their concern over the impact of an energy shortfall or major price increases. The interest of the companies contacted led the Energy Office to adopt an employer focus for their third party vanpool program development.

23 vanpools were operating in Vermont prior to the Energy Office's program effort. In the 1 1/2 years the program has been underway, an additional 47 vanpools have been started. The Energy Office has estimated that the 70 total vanpools are conserving 325,000 gallons of gasoline per year.

The Energy Office is also responsible for promotion of carpooling in the state. The matching services provided by the Energy Office, in conjunction with their "Cost to Drive Your Car" marketing program, have resulted in the formation of an estimated 500 carpools.

PARTICIPANTS

The two key participants in the Vermont vanpool program are the State Energy Office and the Vermont Agency of Transportation. The Agency of Transportation's role was primarily one of providing the funding for the ridesharing program personnel. In addition the Agency of Transportation provided a $100,000 grant to the Energy Office to use as a revolving fund for van acquisition.

The Energy Office (VEO) has worked very closely with the Regional Planning Agencies throughout the state. The RPA's have helped to sponsor the introductory employer workshops and have helped in the coordination efforts with their on-going transportation efforts.

VERMONT VANPOOL - CONTINUED

VAN ACQUISITION

Through use of the $100,000 grant, the VEO purchased 11 vans which were placed with employee groups at the end of 4 months. The grant program has been set-up as a revolving fund. Employer groups will pay back the base cost to the VEO over a period of 3 to 4 years (75,000 miles used as reference in determining pay-back period).

The VEO is currently working with the two major leasing companies in Vermont. Employee groups can now lease vans at favorable rates. Of the 70 total vans in the state, 70% are leased and 30% are owner operated.

INSURANCE

Insurance has been a problem for the Vermont vanpool program. For the 11 vans purchased by the VEO, the first year's insurance was paid for by the program as an added incentive for employees. The VEO has had difficulty in getting coverage for vans from the major insurance companies despite the excellent safety record of the 70 vans. Only one minor accident has occurred (van backed up into parked car). A major part of the VEO program efforts have been directed towards working with the insurance companies to convince them to provide coverage for the vans.

For the vans supplied by the leasing companies, a $250,000/$500,000 policy with $5 million umbrella coverage is in force.

MAINTENANCE

Owner-operated vans are maintained by the employee groups who are provided a maintenance checklist and schedule by the VEO. Quarterly reports are required from each van. For vans leased from the leasing companies, maintenance is normally included in the monthly cost package.

VERMONT VANPOOL - CONTINUED

FARES AND ADMINISTRATION

The VEO has found that employee groups prefer a shorter lease commitment when first starting a vanpool program. The VEO has worked with the leasing companies in the development of a six month lease package. For a 1980 15 passenger van with an average usage of 12,000 miles per year, a six month vehicle lease will cost $405. The monthly fee includes insurance ($250,000/$500,000, $5 million umbrella) and maintenance. Insurance is provided by the leasing companies under the Chrysler daily rental fleet policy. For a lease more than 6 months in length, no insurance coverage is provided. Leasing companies are using 50,000 miles in determining the pay back period.

Through a competitive bid process, the VEO was able to purchase the initial 11 vans under the grant program for $1000 to $1500 less then the sticker price tag. A fuel consumption rate of 10 miles per gallon is used in calculating the per mile operating costs.

INCENTIVES

For the initial 11 vans purchased, the VEO was able to offer employee groups a purchase option interest free. In addition, the VEO would pay the first year insurance, purchase and use tax, and vehicle registration costs.

The major incentive under the lease arrangement now used by the VEO is the short initial lease period that employee groups seem to prefer when first starting vanpools.

MARKETING

Marketing for the ridesharing program was accomplished through a series of introductory employer workshops throughout the state. Subsequent to the employer workshops, VEO program staff went on-site to individual companies to make employee presentations. Program literature illustrating the cost savings to vanpoolers was distributed at these presentations.

The VEO also supplied employee groups with a handbook reference guide for setting up and operating a vanpool. The program also assisted employee groups to get underway.

VERMONT VANPOOL - CONTINUED

Several of the vans were started as a result of the general media cover age of the program efforts. It was observed that promotion of the initial vanpool successes helped interest other groups to try the concept.

PROGRAM ADMINISTRATION

The VEO third party program has 2 full-time staff members. The annual administrative budget is $50,000. Funding for the program operation is provided by the Vermont Agency of Transportation.

COMMENTARY

Through its aggressive outreach efforts, the VEO program has achieved a high number of vanpools (70 total) given the rural low population densities characteristic of the state in general. The employer-focused approach worked well in first introducing the vanpool concept. The VEO has found that it cannot depend on employers to implement the program. It therefore provides complete implementation services to employers. This posture overcomes the major employer concern that it does not have the expertise to implement a vanpool program and that it will become an administrative morass.

The major operational problem encountered has been insurance. For this reason, the VEO now favors vehicle lease arrangements because of the leasing companies ability to provide insurance if necessary. The VEO has established a close working relationship with the leasing companies who view vanpooling as a developing market. Because of the number of vans placed, the leasing companies are willing to speculate and allow a six month lease period.

Company liability is an additional problem encountered. VEO is telling companies that they will probably be liable under workers'compensation. By working directly with employee groups, the company's financial up-front capital liability is eliminated.

The VEO has found that the cost savings associated with vanpooling is the most effective employee marketing technique. With the increases in gas prices, the effectiveness of the cost consideration is being reinforced.